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ABSTRACT

This publication is intended to assist teachers in planning an instructional program in consumer education to meet the state requirements as outlined in the School Code of Illinois. Each of 15 chapters follows a similar format. Each topic is identified in the opening paragraphs, followed by student objectives, an outline of content, suggested activities, and resources. The resources section at the end of each topic reflects the most current material available. Chapter titles are "The Consumer in the Marketplace"; "The Consumer in Our Economy"; "Budgeting"; "Saving, Investing, and Financial Services"; "Consumer Credit"; "Taxes"; "Insurance"; "Consumer Services"; "Housing"; "Food"; "Transportation"; "Clothing"; "Health Care"; "Recreation"; and "Home Furnishing and Equipment." The "Consumer Education Resources" section contains the most used resources for the field of consumer education. An appendix contains "Consumer Education and the Illinois Learning Standards," a correlation of consumer education to the Illinois Learning Standards. (YLB)

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CONSUMER EDUCATION

IN

ILLINOIS SCHOOLS

2000

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CONSUMER EDUCATION

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ILLINOIS STATE BOARD OF EDUCATION

Ronald J. Gidwitz
Chairman

Glenn W. McGee
State Superintendent of Education

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INTRODUCTION

This publication is intended to assist teachers in planning an instructional program in consumer education to meet the state requirements as outlined in *The School Code of Illinois*. Since 1967 when consumer education was mandated, the mandate has been revised a number of times. The most current revision (1985) follows.

> Sec. 27-12.1. Consumer education. (a) Subject to the provisions of subsection (b) of this Section, pupils in the public schools in grades 9 through 12 shall be taught and be required to study courses which include instruction in the area of consumer education, including but not necessarily limited to installment purchasing, budgeting, comparison of prices and an understanding of the roles of consumers interacting with agriculture, business, labor unions and government in formulating and achieving the goals of the mixed free enterprise system. The State Board of Education shall devise or approve the consumer education curriculum for grades 9 through 12 and specify the minimum amount of instruction to be devoted thereto.
>
> (b) Prior to the commencement of the 1986-1987 school year and prior to the commencement of each school year thereafter, the State Board of Education shall devise, develop and furnish to each school district within the State a uniform Annual Consumer Education Proficiency Test to be administered by each school district to those pupils of the district in grades 9 through 12 who elect to take the same, provided that no pupil shall be permitted to take the test more than once in any school year. Each year the State Board of Education shall by rule prescribe the date or dates during the school year on which school districts shall administer the test devised and developed for that school year, together with the uniform standards which all districts shall apply in scoring that test. The tests shall be devised and developed by the State Board of Education each year in a standardized manner to allow any pupil who takes the same and who achieves a score thereon which is not less than the minimum score established by the State Board of Education for the test so taken to thereby demonstrate sufficient proficiency in the area of consumer education as shall excuse such pupil from the necessity of receiving, as a prerequisite to graduation from high school and receipt of a high school diploma, the minimum amount of instruction in a consumer education curriculum otherwise required by subsection (a) and the rules or regulations promulgated thereunder.

The mandate outlines three main area to be covered in all consumer education programs. These areas are installment purchasing, budgeting, and comparison of prices. Installment purchasing is covered in Chapter Five "Consumer Credit"; budgeting, in Chapter Three "Budgeting"; and comparison of prices, throughout the 15 chapters. An effort has been made to integrate "an understanding of the roles of consumers interacting with agriculture, business, labor unions and government in formulating and achieving the goals of the mixed free enterprise system" throughout the book.

The format used in this publication is similar to that of earlier editions. Each topic is identified in the opening paragraphs, followed by student objectives, an outline of content, suggested activities and resources. The resources section at the end of each topic reflects the most current material available.

The Consumer Education Resources section contains the most often used resources to the field of Consumer Education.

Rationale

Consumer education prepares students for wise and responsible citizenship. Students should be made to feel the immediacy of learning to spend wisely to help them live more rewardingly now and to build a better future for themselves and others. Students need to explore, think about, and discuss what they want for others, as well as for themselves. Young people today, perhaps as never before, need to understand personal, economic, and social values and to understand and appreciate democratic processes.

The following definition of consumer education serves as a basis for the materials and suggestions contained in this publication.

> Consumer education is the development of the individual in the skills, concepts, and understandings required for everyday living to achieve, within the framework of one's own values, maximum utilization of, and satisfaction from, one's resources.

In our constantly changing and technologically advancing economy, we are free to exercise choice among many alternatives for both earning and spending. To manage personal economic affairs to gain maximum satisfaction from their income level, students must become economically competent in the use of resources. Both natural and human resources, as well as capital goods, are expended as consumers choose jobs, earn, spend, save, borrow, invest, and plan for the future.

Objectives

The consumer education curriculum is designed to help students:

- To become informed consumers.
- To understand the rights and responsibilities of consumers in society.
- To develop responsible attitudes toward the use of resources.
- To develop a sound decision-making process based on individual goals and values.
- To use sources of information to help make consumer decisions.
- To understand the interdependent roles of the consumer, the worker, and the citizen in our economy.
- To participate more fully in the consumer aspects of family life.

To have the greatest impact, consumer education content and presentation must be oriented to students' current concerns and to the recognizable interests of themselves and their families. When this is done, students readily learn that consumer decisions must be based upon factual knowledge and the application of basic economic principles.

Since many teenagers have part-time jobs, students need to learn how to make intelligent decisions about their personal financial affairs. Given effective consumer education, students will be prepared to face and solve real-life problems. They will make more intelligent consumer decisions which, over time, will prove helpful to themselves and to the general economy.

Schools must prepare students for a lifetime of consumership to enable them to become informed and conscientious buyers of needed goods and services. Our youth, as members of a private enterprise system, must also have economic understanding to meet the economic problems facing them daily in both their individual lives and their society.

CHAPTER 1

THE CONSUMER IN THE MARKETPLACE

The complexity and size of the marketplace require consumers to become better informed about both personal and public policy economics. People under 21 years of age represent a major spending force. These people should know how to buy -- how to use sources of information, compare prices, identify value, avoid fraud and deception, and know how to consider the personal and social consequences of consumer decisions. With the right to vote at age 18, it is especially important for individuals to realize that they play an important role in our economy and that knowledge in matters of personal economics can greatly affect their welfare.

Education about business and economics is often from the producer's viewpoint. In today's economy, the consumer's influence can be significant. The consumer has gained equality in the trial of producer, worker, and consumer. Uninformed decision making may encourage the production of undesirable products. On the other hand, informed consumers may demand that business enterprises provide quality products and services.

Citizens need to know that the laws give both rights and responsibilities in business dealings. Consumers should learn to make informed choices by knowing and using sources of consumer information. While the majority of business transactions are honest and fair, occasionally, business people take unfair advantage of customers. If consumers fall prey to dishonest business practices, they should know how to obtain appropriate help.

Few of us have ample resources necessary to satisfy all our wants. By becoming an informed consumer, everyone should learn to derive the greatest satisfaction from limited resources. The informed consumer has a heightened awareness of the earth's constraints in furnishing unlimited consumption.

Objectives

After studying this unit, students should be able to:

Understand the interacting roles of the consumer in society as consumer, worker and citizen;

Recognize the uniqueness of each consumer;

Understand that consumer resources are largely dependent upon one's choices of occupations and careers;

Understand the relationships among occupations, education, and income;

Recognize that some occupations have fringe benefits that add to the resources of the consumer;

Understand the factors which influence decision making;

Identify the laws that affect the consumer in the marketplace;

Understand the rights and responsibilities of the consumer in the marketplace;

Recognize and avoid fraudulent and deceptive business practices;

Recognize the need for practical experience in the marketplace;

Identify sources of consumer information and criteria for evaluating that information;

Recognize consumer problems and pitfalls and methods of redress;

Gain an awareness of the consumer's power to influence the marketplace.

Outline of Content

I. Three Roles of the Individual in Society

- A. Consumer
- B. Worker
- C. Citizen

II. The Consumer in the Role of the Worker

- A. Determining one's goals in life
- B. How career decisions affect consumer resources, particularly financial resources
- C. Factors determining amount of income for various occupations
- D. Requirements and demands for entry into various occupations
  - 1. Education
  - 2. Training periods, apprenticeships, internships, etc.
- E. Benefits from occupations, other than salaries and wages
  - 1. Health care plans
  - 2. Pensions
  - 3. Paid vacations
  - 4. Unemployment benefits
  - 5. Paid sick leaves
  - 6. Retirement programs

III. Identifying the Consumer

- A. Rational economic being
- B. User of goods and services
- C. Decision maker
- D. Allocator of resources
- E. Consumer in relation to the family
- F. Consumer in relation to the seller
- G. Consumer in society
  - 1. Life-style alternatives
  - 2. Impact of consumer decision
    - a. Family
    - b. Economy
    - c. Ecology

IV. Factors Affecting Consumer Decisions

- A. Psychological motivation and restraints
  - 1. Hierarchy of needs and wants
  - 2. Values and goals
  - 3. Behavior analysis
    - a. impulsive
    - b. repetitive
    - c. planned
- B. Social motivation and restraints
  - 1. Peer group pressure
  - 2. Family custom and influence
  - 3. Cultural and ethnic influences
  - 4. Social trends
    - a. Need for conservation
    - b. Ecological influences
    - c. Global influences
- C. Economic motivation and restraints
  - 1. Personal and family resources
    - a. Income
    - b. Savings
    - c. Time
    - d. Skills
    - e. Talents
    - f. Education
  - 2. Limits of natural resources
  - 3. Emergencies
  - 4. Local and national financial outlook
    - a. Economic measurements
    - b. Index of consumer sentiment
    - c. Consumer confidence index
- D. Marketplace motivation and restraints
  - 1. Mass consumption economy (market structure)
    - a. Interaction between buyer and seller
    - b. Dealing with the corporation
  - 2. Business motivation
    - a. Profit
    - b. Consumer satisfaction
    - c. Social consciousness
  - 3. Stimulation of consumer demand
    - a. Advertising
      - (1) Informative
      - (2) Persuasive
    - b. Emulative consumption
    - c. Conspicuous consumption
  - 4. Consumerism
    - a. Caveat emptor vs. Caveat venditor
    - b. Consumer sovereignty/power
    - c. Consumer movement
- E. Legal and ethical motivation and restraints
  - 1. Consumer laws

2. Morality in the marketplace
3. Consumer power
   a. Withhold purchases
   b. Boycotts
   c. Exposes
   d. Advocates
4. Federal and state regulatory rules and agencies
5. State charters and licenses
6. Professional and trade practices

V. Principles of Buymanship

A. Information basis for sound decision making
B. Criteria for quality information
   1. Reliability
   2. Validity
C. Sources of information
   1. Independent consumer testing
   2. Consumer information publications
   3. Government agency publications
   4. Business sponsored aids
      a. Package information
      b. Labeling
   5. Informative advertising
   6. Citizen's groups
   7. Professional asscciations
   8. Trade associations
D. Alternative costs/opportunity costs
   1. Law of scarcity
   2. Unlimited wants
   3. Defer, delay, substitute
   4. Do without
E. Comparison of products and prices
   1. Big versus small sizes
   2. Differences between stores
   3. Brand name versus private label
   4. Generic versus brand name
F. Comparison of stores and services
   1. Warranties
   2. Convenience
   3. Return policy
   4. Customer service
G. Sales, promotion practices and techniques
   1. Bait and switch
   2. Impulse items
   3. Spiff money (push)
   4. Low-balling
   5. Fictitious pricing
   6. Fashions and obsolescence
   7. Loss leaders
   8. Variable pricing
   9. Quantity discounts
   10. Cash versus credit pricing
   11. Coupons-stamps-games
H. Point of purchase aids
   1. Label and packaging information
      a. Open dating
      b. Nutritional information
      c. Safety information
      d. Energy use
      e. Ingredients
      f. Warning
      g. Appropriate use
   2. Unit pricing
   3. Quality seals
   4. Warranty information
I. Internet
   1. Shopping at home
   2. On-line consumer information
   3. On-line auctions
   4. Cyberspace fraud

VI. Consumer Problems

A. Fraudulent practices
B. False and misleading advertising
C. Consumer ignorance and misinformation
D. Overwhelmingness of marketplace
E. Phony repairs
F. Consumer contracts
G. Misrepresentation of merchandise
H. Poor service
I. Consumer helplessness
J. Discrimination in the marketplace
   1. Race
   2. Sex
   3. Age
K. Mail frauds
L. Overconsumption
M. Waste

VII. Consumer Issues

A. Consumer representation
B. Energy and resource conservation
C. Corrective advertising

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D. Comprehensive health delivery system
E. Housing availability
F. No-fault insurance
G. Repair service licensing
H. Consumer arbitration
I. Taxation inequities
J. Public transportation
K. Cost of consumer protection
L. Product liability
M. White-collar and corporate crime
N. Antitrust action
O. Inflation recession
P. Government regulation
   1. Automobile safety
   2. Electronic sales techniques
Q. Protecting the environment

VIII. The Rights of Consumers

A. The right to safety
B. The right to be informed
C. The right to choose
D. The right to be heard (President John F. Kennedy, 1962)
E. The right to register dissatisfaction (President Richard Nixon, 1969)
F. The right to consumer education (President Gerald Ford, 1975)
G. The right to service (President Bill Clinton, 1993)

IX. The Responsibilities of Consumers

A. To register complaints
B. To use products properly and safely
C. To use information effectively
D. To be honest in transactions
   1. Shoplifting
   2. Pilferage
E. To honor obligations

X. Consumer Redress

A. Sources of redress
   1. Local dealer or manufacturer
   2. Local Consumer Protection
      a. City consumer offices
      b. Better Business Bureau
   3. State local consumer protection
      a. Attorney General's office
      b. Illinois Department of Insurance
      c. Illinois Commerce Commission
   4. Local labor unions
   5. Federal consumer agencies
      a. Federal Trade Commission
      b. Food and Drug Administration
      c. U.S. Post Office
      d. Consumer Product Safety Commission
      e. U.S. Department of Agriculture
   6. Legal
      a. Private attorney
      b. Courts
      c. Small claims court
      d. Legal aid society
      e. Neighborhood legal services
      f. Arbitration
   7. Professional/trade associations
      a. Major Appliance Consumer Action Program (MACAP)
      b. Direct Marketing Association (DMA)
      c. National Association of Funeral Directors
      d. National Association of Security Dealers
   8. Community
      a. Local consumer organizations
      b. Community action program
      c. Newspaper action columnists
      d. Television complaint action
B. Methods of redress
   1. Consumer assertiveness
   2. Complaint letters

Suggested Activities

Make a list of long-range goals that seem important at present. Try to identify at least eight goals that serve as life goals.

Use the *Occupational Outlook Handbook* to investigate job opportunities and employment requirements in various occupations. Have students write letters or talk to people involved in a career of interest to them.

Survey the community to determine the jobs that are available, the requirements for entry into each job (including training periods), and the salaries that each job pays.

Obtain copies of a labor union contract that has been negotiated and analyze the benefits other than wages and salaries that are contained in the contract.

Read articles comparing consumer products in *Consumer Reports* or *Consumer's Research*. Conduct a price comparison of these products in your area (or with the use of catalogs).

Prepare a bulletin board display or poster based on current consumer problems as presented in *Kiplinger's Money*, *Consumer Reports*, and articles in the newspapers.

Prepare a display of articles and photographs on the various agencies available to assist consumers.

Prepare and discuss a list of business practices prohibited by the Federal Trade Commission. Contact the FTC for information regarding projects currently under investigation.

Invite a speaker from a local or state consumer protection agency to discuss the activities of the agency.

Invite a local businessperson to discuss consumer issues and consumer problems from a business perspective.

Identify the legislative bodies at the various levels of government. Obtain information regarding existing or pending consumer protection laws.

Prepare a display showing the rights and responsibilities of consumers.

Arrange a visit to a small claims court to observe the proceedings involved in a case.

Analyze radio, television, newspaper, and magazine advertisements for factual information. Compare this list to emotional appeals presented in ads.

Display samples of actual ads which are misleading or deceptive. These can be from magazines, newspapers, or mail ads.

Discuss examples of common consumer frauds which exist. Prepare a list of suggestions to avoid these deceptions.

Prepare a school and community newsletter with information which would be of help to consumers when making decisions or buying certain products.

Discuss the impact of various consumer decisions on the economy, environment, family, and individual.

Describe a course of action which may be taken by a consumer who was treated unfairly in a business transaction.

Compose a letter of complaints for an actual or created situation.

Conduct library and other research (surveys, interviews) on a consumer problem or issue.

Assume that advertising was removed from our society. What would be the effect of this action on (a) consumers, (b) the economy, (c) the media, and (d) business and industry?

Interview consumers who have had a complaint. Obtain information on how they attempted to get the problem solved.

Maintain a chart of local prices for common consumer purchases. Compare the price changes to those reported in the Consumer Price Index of the Bureau of Labor Statistics.

Prepare a log of television ads for certain time periods (Saturday morning, afternoons, and weekday evenings). Compare the types of products advertised and the techniques used to influence consumer behavior.

Prepare a display of different product labels. Identify the information available to assist consumers.

Discuss the placement of various food items in stores. What efforts are made to stimulate consumer purchases?

Analyze the features of various warranties. Obtain information from the Federal Trade Commission regarding current laws regulating warranties.

Contact local legal services to obtain information regarding the cost of various services -- will preparation, property purchase, adoption.

Discuss the costs of various consumer actions which result in higher prices -- shoplifting, eating food in stores without paying, changing price tags, returning used items for a full refund.

Compare the efforts of businesses, government, and consumer organizations to provide assistance and information to consumers.

MARKETPLACE

RESOURCES

Video

Why You Buy: How Ads Persuade. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941

Why Ads Work: The Power of Self-Deception. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941

Psycho-Sell: Ad Persuasion. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941

Secrets of Selling. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941

Articles

"Comparison Shopping Is the Web's Virtue -- Unless You're a Seller." ***The Wall Street Journal,*** July 23, 1998, pp. A1, A8.

"Shopping Goes Online." ***Consumer Reports.*** November, 1998, pp. 18-23.

"Leave the Malls Behind." ***Family PC.*** February, 1999, pp. 54-64.

"Poverty Inc." ***Consumer Reports***. July 1998, pp. 28-33.

"Are You a Target for Identity Theft?" ***Consumer Reports***. September 1997, pp. 10-16.

Internet

National Fraud Information Center
www.fraud.org

Privacy Rights Clearinghouse
www.privacyrights.org

Better Business Bureau
www.bbb.org

Consumer World
www.consumerworld.org

Consumer Reports Online
www.ConsumerReports.org

Federal Agencies
www.consumer.gov

National Coalition for Consumer Education
www.lifesmarts.org

Student Consumer Tips
www.savvystudent.com

Consumer Action
www.consumer-action.org

Consumer Information Center
www.pueblo.gsa.gov

E-Commerce Clearinghouse
www.shop.org/research/index.htm

Additional Resources

Top Scams. The National Fraud Information Center, a project of The National Consumers League, 1701 K Street, NW, #1200, Washington DC 20006; 800-876-7060. Web sites: www.fraud.org; www.nclnet.org.

Consumer Central: Your A-Z Guide to Consumer Education Resources. This resource guide lists 900 publications from 150 government agencies and other organizations. National Association of Consumer Agency Administrators, 1010 Vermont Ave., NW, Washington, DC 20005; 202-347-7395. Fax 202-347-2563.

Privacy Roadmap The Federal Trade Commission informs consumers how to protect their personal information both online and offline. The FTC has a "Privacy Information" page at www.ftc.gov.

Code of Advertising. This brochure describes 20 industry advertising standards. The Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

Small Claims Court. A brief overview of the rules for Small Claims Court in Illinois. Free. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us.

Cybershopping: Protecting Yourself When Buying Online. Free. American Express Company, 801 Pennsylvania Avenue NW, Washington, DC 20004; 202-434-0144; www.americanexpress.com.

The Cooling-Off Rule. Explains when the FTC's Cooling-Off Rule applies and how to cancel an order made as a result of a salesperson's visit to a home. Free. Federal Trade Commission, 6th and Pennsylvania Avenue NW, Washington, DC 20580; 202-326-3761; www.ftc.gov.

Solving Consumer Problems. Offers approaches to solving a consumer product or service problem. Free. Federal Trade Commission, 6th and Pennsylvania Avenue NW, Washington, DC 20580; 202-326-3761; Web site: www.ftc.gov.

Mail or Telephone Order Shopping. Provides guidelines for consumers who want to shop from home. Direct Marketing Association, 1111 19th Street NW, Suite 1100 Washington, DC 20036; 202-955-5030; Web site: www.the-dma.org.

CHAPTER 2

THE CONSUMER IN OUR ECONOMY

The consumer plays a vital role in our private enterprise (market) economy. Rational consumers freely cast their dollars (like votes), collectively or privately, in favor of one product among many competitors. The consumer's self-interest and the self-interest of the numerous competitors direct the production of the quantities of goods and services that society desires at prices that are largely determined by competition.

The market mechanism is our means of allocating scarce resources. The decision concerning the use of resources are made privately by consumers ,or collectively as consumers of public services and by business, agriculture, labor, and government. The decisions of consumers interact with the decisions made by individuals or groups in agriculture, labor, trade unions, business, and government to formulate and achieve the economic goals of society. Attainment of these goals depends largely on effectively teaching young consumers how to convert their resources into goods and services which will lead to a better quality of life for them.

Rational, well-informed consumer decisions help individuals get maximum satisfaction from their limited money and, at the same time, help decide the best use of the nation's resources.

Objectives

After studying this unit, students should be able to:

- understand the role of the consumer in the economy interacting with agriculture, business, government, labor and trade unions;
- understand the effect of consumer spending in the marketplace;
- recognize the interdependence of the consumer as a worker, consumer, citizen;
- be aware of business organizations in the private enterprise system;
- become aware of the role of agriculture as it operates in the private enterprise system (market economy);
- become familiar with the role of labor organizations in the private and public sectors of the economy;
- be aware of the role of government in the private enterprise system;
- understand economic principles that effect the consumer in the marketplace;
- understand important economic measurements of the economy.

Outline of Content

I. The Economy

- A. Components of the economy
  - 1. Consumer-worker-citizen
  - 2. Producers
    - a. Agriculture
    - b. Manufacturer
    - c. Distributor
    - d. Retailer
    - e. Labor
    - f. Trade unions
  - 3. Government
  - 4. Foreign markets
- B. Circular flow of economic activity
  - 1. Natural resources
    - a. Land
    - b. Labor
    - c. Capital
    - d. Management

2. Income
    a. Rent
    b. Wages
    c. Interest
    d. Profit
3. Spending
4. Goods and services

C. Characteristics of a private enterprise system (market economy)
1. Freedom of choice/demand
2. Profit motivation
3. Degree of competition
    a. Pure competition
    b. Oligopoly
    c. Monopolistic competition
    d. Monopoly
4. Private property
5. Government influence

II. The Consumer

A. Personal economic activity
1. Earning
2. Spending
3. Saving
4. Investing
5. Borrowing

B. Consumer as decision maker
1. Determines resources allocation
2. Rational economic being
3. Economic voting
4. Consumer sovereignty/power
5. Influence on quality

C. Importance of consumer in economy
1. Influences total economic output of goods and service
2. Impact of consumer demand on the economy
3. Dependence of prosperity on consumer spending and saving
4. Impact of consumer demand on producers
    a. Efficiency
    b. Safety
    c. Price
    d. Quality

D. Interdependence of consumer-worker-citizen roles
1. Consumer as worker
2. Consumer as citizen
3. Individual as consumer

III. Interaction of Consumer with Agriculture, Business, Government, and Labor and Trade Unions

A. Agriculture
1. Production
2. Distribution
3. Farm income in relation to consumer prices

B. Government
1. As producer
2. As consumer
3. As employer
4. As regulator
5. Protection of the consumer
6. Protection of the marketing
7. Promoter of economic growth, stability, and justice
    a. Fiscal policy
    b. Monetary policy
    c. Transfer payments

C. Business
1. Profit motivation
2. Customer satisfaction
3. Social consciousness

D. Labor and trade unions
1. Union membership
2. Collective bargaining
3. Wages and benefits
4. Cost of labor on price of goods and services
5. Employee and employer rights and responsibilities under the law

IV. Economic Principles in the Marketplace

A. Scarcity of resources
1. Need for choices
2. Need to economize
3. Need to maximize utility and satisfaction

B. Opportunity cost
1. Personal decision making
2. Social costs

C. Price determination
1. Demand
2. Supply (cost)
3. Interaction of supply and demand
4. Competition as control of price

D. Economic goals
   1. Freedom
   2. Efficiency
   3. Growth
   4. Stability
   5. Security
   6. Justice

V. Important Economic Measurements

A. Gross domestic product
B. Inflation
C. Unemployment
D. Consumer price index
E. Recession
F. Personal income
G. Productivity
H. Public debt
I. Real income
J. Cost-benefit
K. Index of consumer confidence sentiment
L. Dow Jones average

VI. Economic Issues for Consumers

A. Protection from inflation
B. Paying for government protection
C. Impact of government regulation on business
D. Consumer impact on economy/ecology
   1. Energy
   2. Pollution
   3. Cleanup costs
E. Inequality in the economy
   1. Race
   2. Sex
   3. Age
F. International trade/balance of payment
   1. Trade barriers
   2. North American Free Trade Agreement
G. Impact of deficit spending on the economy

Suggested Activities

Use diagrams of the circular flow of economic activity to illustrate the components of the economy and the interaction in the economy.

Write and essay on one of the two following topics: "How Consumer Decisions Affect Business Policies," or "How Government Economic Policies Affect the Consumer."

Conduct a class discussion dealing with the question of what consumer protection should be provided by the government and what responsibilities should be left to the consumer.

Construct a bulletin board that illustrates the following economic goals:

Growth - the desire for an increasing standard of living for an increasing population.
Stability - the desire for a high level of employment without inflation.
Security - the desire for continuity of income in the face of physical and economic hazards.
Freedom - the desire of producers to select their occupations and of consumers to dispose of their income knowledgeably.
Justice - the desire to minimize inequalities of opportunities and inequalities of income.

Identify ways in which consumers can accept responsibility in regard to legislation, unfair business practices, or use of customer services provided by business.

Invite a speaker from one of the local offices of the state or federal consumer protection agency.

Take a survey of the public as to what they would be willing to give up in order to fight pollution of air, water, and land.

Have students write consumer impact statements of the packaging of certain products: plastic bottles, spray cans, nonreturnable bottles.

Collect news article reports of the commonly reported economic measurements (Gross Domestic Product, Consumer Price Index, Unemployment, etc.).

Explain the importance of profits to:

creating jobs,
capital expansion,
encouraging investment,
providing goods at lower cost,
creation of new goods and services.

Invite a local businessperson to trace the route of a product from raw material to retail sales. Ask for a cost analysis for the different steps.

Invite a labor union official and a businessperson to class to speak on the topic of "Employee and Employer Rights and Responsibilities under the Law."

Form teams to debate topics like "Should all workers belong to a labor union?" and "Pros and cons of right to work laws."

Investigate the cost breakdown in the price of a loaf of bread, a half gallon of milk, a five-pound bag of sugar, and a gallon of gasoline. Try to identify the portion of the price that went to each group that had anything to do with the production and sale of the products.

THE CONSUMER IN OUR ECONOMY

RESOURCES

Internet

National Council on Economic Education
www.nationalcouncil.org

Consumer Price Index and Inflation Data
www.bls.gov

Wittenberg University, Department of Economics
www.wittenberg.edu/academics/econ

National Budget Simulation
http://garnet.berkeley.edu:3333/budget/budget.html

Economic Data from the U.S. Census Bureau
www.census.gov

Federal Reserve Board of Governors
www.federalreserve.gov

Additional Resources

Current Issues in Economics and Finance, Free. Federal Reserve Bank of New York, Public Information Department, 33 Liberty Street, New York, NY 10045-0001; 212-720-6134; Web Site: www.ny.frb.org

Econ-Exchange Practical classroom activities for K-12 teachers. Published in partnership by the E. Angus Powell Endowment and the Federal Reserve Bank of Richmond. E. Angus Powell Endowment for American Enterprise, Collegiate School, North Mooreland Road, Richmond, VA 23229; 804-741-2806; Fax: 804-740-6701; Email: powell@collegiate.ind.k12.va.us.

Economics at Work. This is a multimedia economics program that combines interactive videodisc video, print and computer software into a comprehensive course for high school students. The videocassette components of this project are available from:

Technology Outreach, C021
Illinois State Board of Education
100 North First Street
Springfield, Illinois
217/782-5844
217/782-9324 (FAX)
Email: sburgene@smtp.isbe.state.il.us

Illinois Council on Economic Education. ICEE provides materials for teaching economics at any grade level. Contact any of the following offices:

Illinois Council on Economic Education, 815-753-0356

Regional Centers for Economic Education:

Bradley University, 309-677-2282

DePaul University, 773-325-7170

Eastern Illinois University, 217-581-6330

Governors State University, 708-534-4929

Illinois State University, 309-438-2106

Northern Illinois University, 815-753-6970

Southern Illinois University, 618-692-2583

University of Illinois, 217-333-4591

Western Illinois University, 309-298-2265

On Reserve. A free publication by the Federal Reserve Bank of Chicago to promote the teaching of economics. Public Information Center, Federal Reserve Bank of Chicago, P. O. Box 834, Chicago, Illinois 60690-0834; Web site: www.frbchi.org.

Economy at a Glance. A Web site from the U.S. Bureau of Labor Statistics with information about wages, prices, and unemployment. Web site: www.bls.gov/eag.table.html

CHAPTER 3

BUDGETING

Money management needs to be taught as a competency, as well as a mechanical exercise. Because of rising prices and other strains on their budgets, families have less income to satisfy their needs and wants. Therefore, people have become more aware of financial problems and the need to manage their income and other resources to help them live within their income. Guidance is needed to develop the ability to manage resources to achieve the life style that reflects the individual's and family's income goals and needs. The major objective for teaching money management is to maximize satisfaction through the development of understandings, knowledge, skills, and attitudes in relation to resources. Individuals and families need to learn to make rational, rather than emotional decisions, in determining how income and resources will be used in attaining both immediate and long-range goals. One aid in helping to attain their goals is the budget. It should be pointed out that there is no "model" budget which is good for all, but a budget is a means of guiding personal and financial behavior. Budgeting is an ongoing activity, and as budget considerations change, the budget must be flexible enough to undergo evaluation and revision.

Objectives

After studying this unit, students should be able to:

- Understand that a budget is a plan for spending income.
- Demonstrate how values, goals, and needs influence the use of personal and family income.
- Identify and set priorities for personal and family needs, wants, and goals.
- Recognizes the different kinds of resources used by individuals and families.
- Use the principles of money management in financial planning.
- Understand that at different periods in life, financial plans of individuals and families change.
- Become familiar with the function and uses of a budget.
- Recognize that income must be allocated.
- Understand the value of using resources effectively.
- Recognize that product care and maintenance protect future resources.

Outline of Content

I. Principles of Money Management

- A. Money Management -- a plan to achieve goals by fitting needs to resources
- B. Benefits of money management
  1. Provides a better understanding of financial status, net worth
  2. Encourages rational use of income
  3. Requires examination of goals, values, needs, and wants
  4. Helps one get maximum value for expenditures
  5. Develops awareness of alternatives
  6. Helps one live within income
  7. Develops useful records for income tax purposes

II. Factors Affecting and Influencing Use of Income by the Individual or Family

A. Values and goals
   1. Definition and identification
   2. How values affect financial decisions
   3. Establishing a personal financial plan through goal selection
B. Needs
   1. Definition and identification
   2. Law of scarcity and principle of alternative choices
C. Life cycle variation
   1. Single
   2. Newly married
   3. Young family (small children)
   4. Growing family (dependent children)
   5. Mature family (no dependents)
   6. Retirement
D. Resources
   1. Education
   2. Skills
   3. Time
   4. Income
   5. Unions
   6. Others
E. Buymanship (comparison shopping)

III. Planning a Budget

A. Determine time period to be covered (generally for pay period)
   1. Weekly
   2. Monthly
   3. Yearly
B. Establish goals
   1. Short-range
   2. Intermediate
   3. Long-range
C. Estimate income (resources)
   1. Salary or wages
   2. Interest and dividends
   3. Gifts
   4. Other
D. Planning the use of income (expenditures)
   1. Fixed, committed expenses
   2. Variable living expenses
   3. Savings

IV. Preparation and Evaluation of the Budget

A. Total family involvement should be the basis of planning
B. Be realistic in allocating expenses
C. Keep written records of income and expenditures
D. Keep money management simple and maintain flexibility
E. Agreement of family members in budgeting methods used
F. Excesses or shortages require reallocation or shifting of funds
G. Factors signaling need for revision
   1. Continuous discrepancies in budget
   2. Change in income
   3. Change in needs, goals, or life styles
   4. Change in life cycle
   5. Change in economic environment (inflation, recession)

V. Management of Resources

A. Alternatives to buying goods or services
   1. Rent
   2. Trade or barter
   3. Repair or make it yourself
   4. Buy used rather than new
   5. Do without -- we cannot satisfy all wants
B. Be aware of and manage time
C. Maintain health and personal energy
D. Care and maintenance of products already owned
E. Reduce, reuse, recycle

VI. Financial Counseling, Advice and Issues

A. Bank, savings & loan, credit union
B. Family financial and credit counseling
C. Family service agencies
D. Bankruptcy and Chapter 13
E. Money management practices and their relationship to bankruptcies, divorce and suicide.

Suggested Activities

Explain how five items you have purchased recently relate to your values and goals.

Make a list of your short- and long-term goals. Estimate the amount of money and time you will need to reach each goal.

List your skills and abilities that are resources which can help you meet your goals.

List your financial resources.

Keep a record of your income and expenditures for one month and compare this with your estimate of your month's expenses and revise after one month.

Prepare a budget for a wedding or graduation party.

Ask your parents to discuss common mistakes made in managing money.

To simulate budgeting, plan one or two evenings after school or even a week hour-by-hour and keep track of how you actually spend your time. Revise and plan again.

Interview a banker as to how financial bankruptcies develop.

Role play a family making financial decisions.

Collect different budget forms from banks, extension services, and credit bureaus and prepare a budget for yourself.

Prepare a budget for a college freshman including tuition, room, board, fees, clothing, transportation, etc., and the sources of financing these expenditures.

List all of the goods and services you buy. Determine which of these items are necessities. List priorities for the remaining items and decide which could be eliminated or decreased.

List several goods and services you need to buy. Identify and evaluate the different alternatives you have in achieving each of these needs.

Research poor money management practices and their relationship with bankruptcies, divorce and suicide.

BUDGETING

RESOURCES

Articles

"Manage Your Money: 20 Ways to Boost Your Family's Financial Sense and Security." ***Family PC*** February 1999, pp. 68-76.

"You've Gotta Have a Plan." ***Money*** March 1999, pp. 117-127.

Internet

Cheapskate Training Center
www.angelfire.com/biz/inforesearchlab

Frugal Corner
www.frugalcorner.com

American Express (interactive financial planning)
www.americanexpress.com

JumpStart Coalition
www.jumpstart.org

Additional Resources

66 Ways to Save Money. This brochure suggests several ways to save on everyday costs. Consumer Information Center, Pueblo, CO 81009. Web site: www.pueblo.gsa.go.

Budgeting for Prom. Desmonds Formal Wear will make classroom presentations helping students prepare for prom. Tim Cumiskey, Desmonds Formal Wear, 111B Woodfield Mall, Schaumburg, IL 60194, 847-330-2878.

Can I Make It On My Own. Teaching guide and video tape about budgeting, finding a place to live, opening bank accounts, using credit, and paying bills. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Save Money Now! Easy Tips and Tricks to Manage Your Money. Describes ways to save money and provides shopping tips to minimize spending. PTMI, P.O. Box 11241, Alexandria, VA 22311; 800-789-1852.

Personal Decision Making. Application of economic principles to real world situations. Topics include decision making, planning and goal setting, budgeting, role of government, credit, housing, advertising, savings, and investing. National Council on Economic Education, 11430 Avenue of Americas, New York, NY 10026; 800-338-21192; Web site: www.economicsamerica.org.

On Your Own Personal Finance Simulation. This computer software simulation challenges students to manage finances without serious debt. The simulation includes jobs, income, housing, transportation, food, etc. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Welcome to the Real World! An active, hands-on, real-life simulation giving young people a chance to explore careers and make lifestyle and budget choices. Includes a curriculum guide and complete teaching materials. University of Illinois Extension Service, 326 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801; 217-333-2958; Web site: www.urbanext.uiuc.edu.

High School Financial Planning Program. Teaches students fundamentals of sound money management including the financial planning process, goal setting, budgeting, use of credit, saving and investing. Sponsored by the National Endowment for Financial Education in partnership with the Cooperative Extension System. Free. National Endowment for Financial Education, 5299 DTC Boulevard, Suite 1310, Englewood, CO 80111; 303-220-1200; Web site: www.nefe.org.

CHAPTER 4

SAVING, INVESTING, AND FINANCIAL SERVICES

Saving and investing are important aspects of individual and family financial planning. Effective saving and investing are essential to the attainment of a desirable level of living and the achievement of many financial goals. Saving and investing strategies will need to change over time to reflect changing goals related to circumstances and changes in the life cycle.

Saving occurs when disposable income exceeds consumption. Usually this occurs by design, rather than coincidence. The budgeting process can be of assistance in assuring that saving occurs in a predictable and desirable manner. The disposition of funds which are accumulated through saving and from other sources can be divided into two categories: savings and investments. Savings are usually placed in low-risk, fairly liquid accounts and intended for use in meeting anticipated expenses and as an emergency fund. Investments generally involve higher risk and less liquidity for the purpose of increasing the value of the funds invested and/or for the generation of future income.

The deregulation of banking, begun in 1980 with the Depository Institutions and Monetary Control Act of 1980 and continued by the Garn-St. Germain Depository Institutions Act of 1982, has brought about many changes to the savings options available to consumer through banks and savings institutions. The major changes involve the gradual phasing out of the interest rate differentials between banks and thrifts (Regulation Q), allowing banks and thrifts to offer money market deposit accounts; authorizing savings and loans and savings banks to make a wider variety of loans than were previously permitted; and generally making it possible for banks and thrifts to compete on a more equal basis for business and consumer loans and deposits. The result of those changes, as perceived by most consumers, is a wide array of financial services offered by a variety of financial institutions with differing terms and conditions, necessitating careful comparison shopping for optimal outcomes.

A significant factor in encouraging more people to save and invest regularly was the passage of legislation permitting individuals to invest up to $2,000 of earned income annually in an Individual Retirement Account and to defer income taxes on the contributions and their earnings until they are withdrawn.

Objectives

After studying this unit, students should be able to:

- Understand the relationship between savings and investing and the achievement of financial goals.
- Understand the relationship between inflation, the real value of investments, and rate of returns.
- Recognize that savings and investing goals may change at different stages in the life cycle.
- Understand the function, effects, and benefits of saving on the overall economy.
- Identify the types of financial institutions and the services they offer.
- Identify and evaluate alternative types of depository accounts and certificates.
- Understand the differences between investing for income, growth and tax reduction.
- Identify a wide range of investment alternatives.

- Evaluate investment alternatives on the basis of rate of return, liquidity, risk, and financial goals.
- Identify sources of information on saving and investment options.
- Develop a plan for saving and investing, based on personal and family values and goals, and on future financial needs.

Outline of Content

I. The Role of Saving and Investing in Financial Planning
   - A. The necessity of saving (foregoing consumption) to the attainment of many financial goals
   - B. Changing goals at different stages of the life cycle
   - C. Differences between savings and investment
   - D. Effects of decisions about savings and investments on the individual, the family and the economy

II. Factors Affecting Savings and Investment Choices
   - A. Risk or safety
   - B. Rate of return
     1. After taxes
     2. Fees
     3. Inflation
   - C. Liquidity
   - D. Financial goals
     1. Values
     2. Stage in life cycle
     3. Lifestyle choices
     4. State of the economy and expectations for the future

III. Financial Institutions
   - A. Commercial banks
   - B. Savings and loan associations
   - C. Mutual savings banks
   - D. Credit unions
   - E. Currency exchanges
   - F. Insurance companies
   - G. Brokerage houses
   - H. U.S. government
   - I. New financial institutions

IV. Savings, Investment, and Financial Services Available to Consumers
   - A. Transaction accounts
     1. Checking accounts (interest and non-interest bearing)
     2. Money market accounts
     3. Availability of transaction accounts
        a. Commercial banks
        b. Savings and loans
     4. Availability of funds
        a. Expedited Funds Availability Act
        b. Uncollected/unavailable funds
     5. Electronic Funds Transfer
        a. Automated teller machine
        b. Debit card
   - B. Savings accounts (passbook or statement)
     1. Commercial banks
     2. Savings and loans
     3. Credit unions
   - C. Certificates of deposit
   - D. IRAs and Keogh Plans
   - E. Life insurance (cash value accumulating)
   - F. Bonds
     1. U.S. savings bonds --Series EE, HH
     2. Other federal government financial instruments
     3. Corporate bonds
     4. Municipal bonds
   - G. Real Estate
     1. Residential
     2. Commercial
     3. Land
     4. REITS
     5. Limited partnerships
   - H. Business
     1. Proprietorships and/or partnership
     2. Stocks
     3. Mutual funds
     4. Unit investment trusts
   - I. Commodities
     1. Agricultural
     2. Currency futures
     3. Metals, etc.

4. Options

J. Collectibles
   1. Art
   2. Antiques
   3. Stamps
   4. Coins, etc.

K. Self-investment
   1. Education
   2. Training
   3. Self-actuality

V. Sources of Information about Saving and Investing

A. Newspapers and books
   1. *Barrons*
   2. *Business Week*
   3. *Kiplinger's*
   4. *Forbes*
   5. *Money*
   6. Newspapers (business section)
   7. *The Wall Street Journal*
   8. *Value Line*

B. Resource people
   1. Attorneys
   2. Bankers
   3. Brokers
   4. Certified financial planners
   5. College and university faculty
   6. Cooperative extension personnel
   7. Insurance salespeople
   8. Savings and loan representatives
   9. Credit union representatives

The following questions should be considered when making saving and investing decisions.

- What are your saving and investment goals?
- How much money do you have available?
- When will you need the money?
- How much risk do you want to assume?
- What alternative investments are available to you?
- How well do you understand the alternatives being considered?
- What are the rates of return (after taxes, fees, commissions, etc.) for the alternatives?
- How liquid is the investment?
- How risky is the investment?
- What is the investment outlook for the future?
- What are the opportunity costs?
- What resources can you use to find out more about the available alternatives?
- Is on-line banking an alternative for you?

Suggested Activities

Visit one or more depository institutions and find out the various savings plans they have, the interest rates, the amount of time the money must be pledged, minimum balance, and any other limitations imposed.

Make a list and a brief summary of advertising by financial institutions which you see in the local newspaper and/or on TV including rates of return, premiums, etc.

List and summarize the advertising of investments offered by non-banks in the local media.

Visit a local bank and obtain the latest table indicating the value of Series EE and HH bonds and how interest rates are determined.

Call 1-800-USBONDS and find out the current interest rate on U.S. Savings Bonds.

Make a display of newspaper ads for IRAs.

Discuss where you would place your money in view of your own goals if you had $1,000 saved.

Invite representatives of banks, savings and loans, credit unions, etc., to speak to the class.

Role play and simulate all characters involved in opening a savings account.

Develop a bulletin board display on savings advertisements and promotional gifts or incentives offered.

Let students work in groups (perhaps simulating a family) with case studies to set investment goals and develop strategies for saving and investing.

Form an investment club in school and purchase bonds or shares of stocks.

Read and discuss financial information found in a newspaper.

Debate the appropriateness of various investment possibilities for various individual or family situations.

Devise individual investment plans from present age through retirement.

Have students use computer simulations on investing.

Establish and operate a credit union in the class through either actual student participation in savings and lending or role playing.

Participate in state and regional stock market games.

SAVINGS, INVESTING, AND FINANCIAL SERVICES

RESOURCES

Articles

"Internet Banking Gets Real." ***PC Computing*** February 1999, pp. 199-203.

"Scam Busters on the Web." ***Newsweek*** April 26, 1999, p. 48.

Internet

Credit Union National Association
www.cuna.org

National Association of Investor Corporation
www.better-investing.org

National Association of Securities Dealers
www.investor.nasd.com

Young Investor
www.younginvestor.com

Stock Market Game (Internet Game)
www.smg2000.org

North American Securities Administrators Association
www.nasaa.org

American Savings Education Council
www.asec.org

Wallstreet Journal Classroom Edition
info.wsj.com/classroom

Young Investors Network
www.smithbarney.com/yin

Federal Reserve
www.federalreserve.gov

Federal Reserve Bank of Chicago
www.frbchi.org

Federal Deposit Insurance Corporation
www.fdic.gov

Financial Aid
www.finaid.org

College Illinois
www.collegeillinois.com

Smart Money Magazine
www.smartmoney.com

Just Quotes
www.justquotes.com

Quicken.com
www.quicken.com

The Street.com Schoolhouse
www.thestreet.com/resources/schoolhouse/index.html

Alliance for Investor Education
www.investoreducation.org

Motley Fool
www.fool.com

National Center for Financial Education
www.ncfe.org

Standard and Poor's Personal Finance Site
www.personalwealth.com

Retirement Account Assistance
www.irahelp.com

Securities and Exchange Commission
www.sec.gov

Stock Detective
www.stockdetective.com

American Bankers Association Education Foundation
www.aba.com

Investor Protection Trust
http://Investorprotection.org

Additional Resources

Money, Banking, Credit and Students. Free. Treasurer of the State of Illinois, 300 West Jefferson St., Springfield, IL 62702, (217) 782-6540; Fax: (217) 782-3563. This booklet is part of the Illinois Treasurer's Bank at School Program and was prepared in cooperation with Consumer Credit Counseling Services of Greater Chicago.

Electronic Money. This brochure describes Electronic Funds Transfer (EFT) systems and explains the rights and responsibilities of both consumers and financial institutions. Federal Reserve Bank of Chicago, Public Affairs Department, P.O. Box 834, Chicago, IL 60690-0834; 312-322-5111; Web site: www.frbchi.org.

What Every Investor Should Know. Securities and Exchange Commission, 800-SEC-0330, Web site: www.sec.gov.

The Complete Mutual Fund Investor's Kit. This resource provides the basics of mutual fund investing. Topics include risk, liquidity, tax considerations, types of mutual funds, and life-cycle investing. Mutual Fund Education Alliance, Dept. 0148, Box 419263, Kansas City, MO 64193-0148; 816-454-9422; Web site: www.mfea.com.

Catalog of Public Information Materials. List of publications and audiovisual materials prepared by the 12 Federal Reserve Banks and the Board of Governors of the Federal Reserve System. Federal Reserve Bank of Chicago, Public Affairs Department, 230 South LaSalle Street, P.O. Box 834, Chicago, IL 60690-0834, 312-322-5111; Web site: www.frbchi.org.

A Penny Saved. Teacher resource package and video to teach students about the types of savings plans that are available. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

The World of Money. Software which explores personal checking and electronic money. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Bank Products: What's Insured and What's Not. Brochure explaining that all bank products are not insured. Federal Reserve Bank of Philadelphia, Public Affairs Department, Ten Independence Mall, Philadelphia, PA 19106, 215-574-6000; Web site: www.phil.frb.org.

Making Deposits: When Will Your Money Be Available? Brochure describing the Expedited Funds Availability Act, which mandates when checks must clear. Federal Deposit Insurance Corporation, Department of Consumer Affairs, 550 17th Street NW, Washington, DC 20429, 800-276-6003; Web site: www.fdic.gov.

CHAPTER 5

CONSUMER CREDIT

Consumer credit is more than a powerful force in our economy. In the past few decades, it has become a way of life for most of us. When handled effectively, consumer credit can help us achieve many of our most important goals. When misused, it can create serious financial problems for individuals and families alike.

The decision to use consumer credit depends on needs, resources, and available alternative choices. To shop for credit intelligently, students need to understand the various credit sources, the plans they offer, the services they provide, the requirements of each plan, and the laws that govern credit transactions.

Objectives

After studying this unit, students should be able to:

- Understand consumer credit and its relationship to the economy.
- Know the types and sources of consumer credit.
- Know the requirements for establishing and maintaining a good credit rating.
- Recognize and evaluate the provisions of consumer credit agreements.
- Understand the cost of credit and its legal obligations to credit users.
- Use credit intelligently.
- Know where to seek assistance if financial difficulties occur.
- Know the laws that govern consumer credit.

Outline of Content

I. Consumer Credit in the Economy

- A. What credit is
- B. Amount of credit in use
- C. Growing dependence on credit
- D. Growing availability of credit
- E. Effect of credit on our standard of living
- F. Role of credit in mass production, distribution, and consumption
- G. Why sellers grant credit

II. Types of Consumer Credit

- A. Cash credit (available to consumers in the form of cash by lending agencies and financial institutions)
  - 1. Personal installment loans
  - 2. Single payment loans
  - 3. Check credit plans
  - 4. Passbook and credit card loans
- B. Sales credit (offered when the consumer purchases goods and services)
  - 1. Noninstallment
    - a. Health care services
    - b. Utility charges
    - c. Some travel and entertainment services
    - d. Regular -- 30-, 60-, or 90-day -- charge accounts (no finance charge)
  - 2. Installment
    - a. Revolving and optional charge accounts
      - (1) Credit limit established when account is opened
      - (2) One credit agreement covers all future purchases
      - (3) Credit cards provide instant identification

(4) May pay in full (no finance charge) or elect to pay only part of balance (finance charge added)
(5) Monthly payments may vary depending on balance at end of billing period
(6) Percentage rate of finance charges established by state law

b. Retail installment credit accounts
(1) Usually used for major purchases
(2) May require a down payment depending on terms. Repayment period may be for months or years in length
(3) Monthly payments usually remain the same over life of loan
(4) Seller owns goods until account is paid in full
(5) Usually requires a separate contract for each new purchase
(6) Finance charges are added to the cash price
(7) Debt may be owed to a third party

III. Source of Consumer Credit

A. Cash credit
1. Banks
2. Savings and loan associations
3. Small loan companies (finance companies)
4. Credit unions
5. Insurance companies
6. Credit card companies
7. Pawnbrokers
8. Payday Loan Stores
9. Illegal lenders (loan sharks)

B. Retail credit
1. Retail merchants
2. Catalog order houses
3. Third-party lenders

IV. Applying for Credit

A. Bases for credit ratings
1. Character -- a responsible person with a record of meeting financial obligations promptly
2. Capital -- Assets and the prospect of financial resources based on education or a trade
3. Capacity -- debts incurred by the use of credit will not present undue hardship for the user

B. Credit scoring systems

C. Role of credit reporting agencies
1. Checking individual credit ratings
2. Fair Credit Reporting Act

V. Credit Agreements and contracts

A. Types of credit agreements
1. Retail installment contracts and security agreements
2. Promissory notes
3. Chattel mortgages
4. Collateral notes
5. Cosigner or comaker

B. Other provisions
1. Acceleration clause
2. Add-on clause
3. Balloon payment
4. Default charges
5. Credit life insurance
6. Prepayment privilege
7. Grace period
8. Wage assignments
9. Garnishments

C. Information appearing on credit agreements and contracts

D. Responsibilities of credit users

E. Responsibilities of credit grantors

VI. Advantages of Credit

A. Use of goods and services while paying for them

B. Handling financial emergencies

C. Convenience
D. Efficiency of recordkeeping and budgeting
E. East of resolving complaints and making returns
F. Proof of financial responsibility

VII. Disadvantages of Credit
A. Credit costs
B. Future income tied up
C. Overspending
D. Impulse spending and weakened sales resistance
E. Possible repossession of merchandise
F. Limitations in where you can shop
G. Denial of credit in an emergency because of poor credit rating

VIII. Credit Costs

A. Costs of obtaining and using credit cards
B. Methods of computing consumer credit charges
1. Add-on charge
2. Discount charge
3. Declining balance
C. Billing procedures
1. Fair Credit Billing Act
2. Disputing charges
D. Reasons for variations in finance charges
1. Type of credit used
2. Amount and length of repayment schedule
3. State laws
E. Use of finance charges by credit grantor
1. Pay for borrowed capital while income from credit sales is outstanding
2. Pay for extra employees, facilities, and supplies necessary to:
a. open accounts
b. collect debts
c. cover bad debts

IX. Using Consumer Credit Wisely

A. Use only as much as you can repay comfortably
B. Weigh the convenience against the cost
C. Select for its intended purpose
D. Shop carefully for the best credit terms
E. Look for Truth in Lending information
F. Understand all credit instruments before signing
G. Pay obligations according to terms of the agreement
H. Keep repayment schedules as short as possible
I. Plan credit use in terms of present and future financial picture
J. Keep a record of purchases and compare with statements
K. Report credit card losses and billing errors immediately

X. Sources of help from financial difficulties

A. Contacting creditors
B. Credit counseling services
C. Family service agencies
D. Debt consolidation loans
E. Illinois Department of Labor-Wage Claims Division
F. Wage earner plans (Chapter 13 Bankruptcy)
G. Bankruptcy

XI. Consumer Credit Laws and Issues

A. Illinois Small Loan Law
B. Illinois Consumer Fraud Act 1961, Amendments 1967
C. Illinois Retail Installment Sales Act 1967
D. Federal Consumer Credit Protection Act (Truth in Lending) 1969
E. Federal Fair Credit Reporting Act 1971
F. Federal Fair Credit Billing Act 1975
G. Federal Equal Credit Opportunity Act 1975, Amendments 1977
H. F.T.C. Holder in Due Course Ruling
I. Electronic Funds Transfer Systems (EFTS)
J. Discounts for use of cash
K. Fair Debt Collection Practices Act -- 1978
L. Privacy issues with use of smart cards

Suggested Activities

Survey local stores in the community to determine implications of "charge it." What is the extra cost if bills are not paid promptly? What are the costs and obligations of revolving charge accounts and installment plans?

Develop a case study that involves borrowing money for a purchase. Ask four students to take this problem to four different lending agencies such as a commercial bank, a consumer finance company, credit union, and life insurance company. Compare the percentage rates or finance charges. Investigate reasons for differing costs. Discuss the advantages and disadvantages of borrowing from each agency.

Obtain and fill out sample application forms for credit. Follow up with a discussion of questions on the form, establishing a sound credit rating, and the value of a sound credit rating.

Obtain and study several sample credit contracts and monthly statements. Follow up a discussion of words and terms used in the contracts and statements, legal rights and obligations of creditors and debtors, consequences of failing to meet obligations, and disclosure requirements of the Truth in Lending Act.

Examine differences between several local creditors and draw up a list of things to look for when shopping for credit.

Divide the class into groups of students to research buying a $800 stereo system in different stores and report back to the class on different finance charges for 12, 18, and 24 month contracts. Discuss other factors that might influence consumer choice: reputation of the store, provision for service, guarantees.

Discuss and make up a list of places to call to report dishonest credit practices, to get advice and help with credit problems, and to check out a creditor's reputation before signing a contract.

Ask a representative from a labor union to discuss the assistance that can be obtained when members are in financial difficulties, including instances when inappropriate or illegal deductions have been made.

Discuss local, state, and federal government laws and regulations which protect consumers in their use of credit: what are the provisions of the laws; how do they protect consumers; how are they enforced; and how do you report violations?

Develop a case study in which a debtor remains liable for payment of a credit contract even though the goods and services have not been delivered or are not satisfactory. Discuss the reasons for this situation and the legal remedies that can be considered.

Invite credit representatives of credit granting agencies (bankers, managers of credit departments in retail stores, managers of consumer finance companies, credit union officers, managers of credit bureaus) to talk to the class or interview them in their offices and videotape the conversation to play back and discuss in class.

CONSUMER CREDIT

RESOURCES

Article

"Future Debtors of America" ***Consumer Reports***. December 1997, pp 16-19.

Internet

Bank Rate Monitor
www.bankrate.com

National Center for Financial Education
www.ncfe.org

Equifax
www.equifax.com

Debt Counselors of America
www.dca.org

American Financial Services Association Education Foundation
www.afsaef.org

Association for Financial Counseling and Planning Education
www.afcpe.org

College Parents of America
www.collegeparents.org

Additional Resources

Federal Trade Commission has many informative, free brochures. Write to: "Best Sellers," Consumer Response Center, Federal Trade Commission, Washington, DC 20580.

Master Card International, (800) 999-5136, offers a free "Master Your Future" kit. The topics include budgeting, checking/savings, credit, and credit history.

Consumer Credit Counseling Service of Greater Chicago, (312) 849-2227, 150 North Wacker Drive, Suite 1400, Chicago, IL 60606. CCCS offers a variety of educational materials and will make presentations related to credit and budgeting.

Questions to Ask a Credit or Debt Counseling Agency. Free. Debt Counselors of America, 1680 East Gude Drive, Rockville, MD 20850, 800-680-3328; Web site: www.dca.org.

From Here to Security: Your Map to Financial Freedom. Consumer Action, 717 Market Street, #310, San Francisco, CA 91403; 415-777-9648; Fax 415-777-5267; Web site: www.consumer-action.org.

In Charge. This resource kit promotes the wise use of credit. The program includes a video, lesson plans, suggested activities, quizzes, and other materials. American Bankers Association, 1120 Connecticut Avenue, NW, Washington, DC 20036; 202-663-5472; Web site: www.aba.com.

How to Use Consumer Credit Wisely. A comprehensive teaching guide featuring presentation suggestions, handouts, masters for transparencies, and tests. International Credit Association, 243 North Lindbergh Boulevard, St. Louis, MO 63141; 314-991-3030; Fax 314-991-3029; Web site: www.ica-credit.org.

Payday Loans. Cautions consumers of the dangers of payday loans and title loans. Debt Counselors of America, 1680 East Gude Drive, Rockville, MD 20850; 800-680-3328, Web site: www.dca.org.

CHAPTER 6

TAXES

The payment of taxes is such an integral part of the everyday lives of all people that the importance of taxes and taxation sometimes is minimized. Even so, most consumers must give periodic attention to taxes, and many people are concerned about the economic and social benefits that are derived from the use of tax revenues and from the taxation policies used by federal, state, and local governments.

Because almost everyone has responsibilities for the payment of taxes and because of differing views on the most appropriate use of tax revenues, consumers need to be able to analyze tax structures at all levels of government as to their strengths and weaknesses, to compare the benefits received with the cost, and to evaluate the taxes and the tax policies in terms of their fairness and desirability. Consumers also need to be able to express their views on the need for revisions in tax structures and tax policies. The ability to complete tax forms used in reporting income also is a requirement of everyone in our society, and taxpayers should be able to use the existing tax laws to help them avoid the payment of more taxes than are rightfully due.

Objectives

After studying this unit, students should be able to:

- Understand that taxes are used to raise revenue and transfer resources from use by private individuals to use by various levels of government;
- Understand that the continued increase in taxes at local, state, and federal government levels is largely due to a demand for increased services paid for with public funds;
- Recognize that citizens have a responsibility to inform local, state, and federal government officials when tax policies are unwise, unfair, and inappropriate;
- Understand that economic freedom in our society is judged largely by the extent to which individual citizens are free to use the money they earn in the manner in which they choose and that this freedom is curtailed by the payment of taxes because the individual has no control over the expenditure of these funds;
- Analyze the impact of deficit spending on the economy;
- Understand that to agree on what is a fair tax is difficult because people have different values and priorities, but two criteria that can be used to assess tax fairness are benefit received and ability to pay;
- Understand that taxes and tax reductions influence people's behavior in a way that discourages or encourages certain activities;
- Understand why governments engage in deficit spending;
- Understand how progressive, regressive, and proportional taxes affect different income groups;
- Understand that taxation involves a compromise of conflicting goals and that people who make the same income may not pay the same amount of taxes;
- Know how to complete a federal income tax form and a state income tax form in such a way that no more tax is paid than is rightfully owed;

- Know how local tax revenues are spent and form opinions about the uses of local tax funds.

- Understand that consumers ultimately pay all taxes and should be concerned about the tax laws under which dollars are collected and the policies used to distribute those tax dollars.

Outline of Content

I. Taxation as a Sharing Process

   A. Common need for goods and services
   B. Effect of increased demand for public goods and services
   C. Sources of tax revenues
      1. Local
      2. State
      3. Federal
   D. How tax laws are enacted
   E. How tax revenues are distributed
   F. How taxation is used to influence social, political, and economic policies in our nation

II. Local Tax Revenues

   A. Sources
      1. Property tax on homes and businesses
      2. Industrial property tax
      3. Retail sales and excise tax
      4. Service tax such as on utilities
      5. Personal income tax
      6. Licenses and fees
      7. Revenue sharing
   B. Uses
      1. Administrative expenses for local government units
      2. Provision of common service needs
         a. Fire
         b. Police
         c. Streets
         d. Recreation
         e. Welfare
         f. Other ancillary services
         g. Educational facilities and services
         h. Locally owned enterprises such as public utilities
      3. Comparison of benefits to costs
      4. Need for consumers to voice opinions about taxes

III. State Tax Revenue

   A. Sources
      1. Personal income tax
      2. Motor vehicles and motor fuel fees and taxes
      3. Occupational tax on retailers, service occupation tax, and retail sales tax
      4. Service taxes such as utilities
      5. Fees, licenses, and taxes on distributors and users of alcoholic beverages and tobacco products
      6. Inheritance and estate tax
      7. Gift taxes
      8. Insurance fees and social taxes
      9. Racing fees and licenses
      10. Business licenses and taxes
      11. Amusement tax
      12. Lottery receipts
      13. Revenue sharing
      14. Franchise tax
      15. Other
   B. Uses
      1. Administration of state government units
      2. Provision of common services
         a. Education
         b. Welfare
         c. Police
         d. Highways
         e. Recreation
         f. Other services
      3. Group insurance and pensions
      4. Administration of racing industry
      5. Administration of game and fish laws
      6. Economic development

7. Regulation of business and industry
8. Administration of court systems

C. Comparison of benefits to cost
D. Need for consumers to voice opinions about taxes

IV. Federal Tax Revenue

A. Sources
1. Personal income tax
2. Corporation income tax
3. Excise taxes
4. Estate tax
5. Gift tax
6. Other

B. Uses
1. Administration of federal government agencies
2. Provision and regulation of services
a. Health
b. Education
c. Welfare
d. Veterans' benefits
e. Agricultural benefits
f. Social insurance
g. Court systems
h. Parks and recreation
i. Postal service
j. Transportation
k. Housing
l. Urban development
m. Relations with foreign countries
n. Other services

C. Comparison of benefits to costs
D. Need for consumers to voice opinions about taxes

V. Types of Taxes

A. Regressive
B. Progressive
C. Proportional

VI. Income Distribution and Redistribution through Taxation

A. Welfare
B. Transfer payments
C. Medicare
D. Medicaid

VII. Criteria for Evaluating Taxes, Tax Structure, and Tax Policies

A. Effect of tax structure on personal incentives
B. Effects of regulatory functions on economic growth and stability
C. Personal economic costs versus corresponding personal benefits
D. Social economic costs versus corresponding social benefits
E. Fairness (tax burden equitably distributed)
F. Productive (tax is productive in revenue)
G. Stable (revenue is stable)
H. Economical (tax is economical to administer)
I. Convenient (tax is convenient to pay)
J. Obvious (tax makes the payer conscious of tax)
K. Simple (tax structure is simple, not complex)
L. Neutral (tax does not favor one individual or group more)

VIII. Federal and State Individual Income Tax Forms

A. Alternatives in forms to use
B. Deciding on need for assistance
C. Sources of assistance
D. Determining the reliability and competency of tax service
E. Record keeping for tax purposes
F. Tax-related forms
1. W2
2. W4

G. Procedures for completing forms
   1. Deciding on form to use
   2. Income subject to tax
   3. Determining exemptions and deductions
   4. Use of schedules
   5. Computation of tax liabilities
   6. Declaring estimated tax
H. Amended tax forms
I. Tax audits

Suggested Activities

Have small groups of students work with a current city or state budget which has been submitted for approval. Assume that a $1 million tax revenue levy has just been voted down by the public; therefore, this amount must be cut from the budget under consideration. Allow each group of students to determine what they would cut from the budget and support their justification for the proposed cuts. Following discussion and formulation of policy, each small group could review their decision with the entire class.

For a variation, assume that a $1 million tax levy has been passed and additions may be made to the budget. Permit students to create and justify proposals for a new or extended budget.

Develop a list of benefits provided from tax dollars now being spent. Calculate the individual and/or public cost of each benefit and compare that cost with the estimated private cost for the same benefit.

Allow individuals to calculate their own tax liability through the use of resource materials found in "Understanding Taxes." Use both a short and long form and compare the difference.

Have a panel discussion on the following subjects.

(1) Identify three government services now provided for consumers and demonstrate how private industry might provide these services at a lower cost and/or with greater efficiency.

(2) Select one or two services now provided privately by business and demonstrate how governmental provision of these services could be handled more economically and/or efficiently.

Discuss the following topics.

(1) Should private, nonprofit institutions be required to pay taxes on income?
(2) Should the law allow business expense deductions when money is spent primarily for personal pleasure? Are there ethical considerations which go beyond the law? How do these deductions affect consumers?
(3) Could a person's tax liability become heavy enough that the person might refuse to work as hard or earn as much? Assuming that a worker's production falls because incentive has been reduced, discuss how this situation would affect other customers.
(4) Do taxpayers receive fair dollar value in the form of facilities and services for tax dollars spent?

Involve students in the consideration of taxpayer responsibilities for care and maintenance of public facilities as well as wise consumer use of public services. Could tax savings be realized through responsible consumer action? Are ecological issues important to the consumer?

Use the telephone directory of a local community and make a list of all city and county government agencies that provide services and/or regulate the services provided. List the services provided and regulated. Discuss the benefits in relation to costs.

Find a state yearbook that lists all the departments and bureaus in state government. Select some of these departments and bureaus to investigate and determine their functions. Discuss the benefits to taypayers.

Use the criteria listed in the content outline to evaluate each of the taxes named as local (city and county) taxes, state taxes, and federal taxes.

Invite local government officials to the classroom to describe the services that the official performs. Compare salary, expenses of the official's office, etc., with the benefits derived from the services of the office.

Use the Occupational Outlook Handbook and the Outlook Quarterly to investigate the career opportunities and requirements for employment in occupations that are related to taxes and taxation. Include all related occupations in local, state, and federal governments.

TAXES

RESOURCES

Article

"Tax Teamwork: How to Get the Best Out of Your Preparer." ***Money***. February 1999, pp. 158-161.

Internet

Internal Revenue Service
www.irs.gov/taxi
www.irs.ustreas.gov

CPAs for the Public Interest
www.ICPAS.org/cpaspi.htm

Other Tax Web Sites
www.ey.com/tax
www.1040.com
www.taxweb.com

Additional Resources

CPAs for the Public Interest. (800) 993-0407, x 259. CPAsPI provide volunteer speakers with expertise in the areas of Money and Banking, Financial Planning, Insurance, Taxes, and Commercial and Consumer Credit.

The Monthly Financial Doctor. A free monthly newsletter with information regarding taxes, investments, and financial planning. Howard Kaufman, CPA, 355 W. Dundee, Suite 100, Buffalo Grove, Illinois, 60089; 847-537-3600; Fax: 847-818-0514.

Internal Revenue Service. The IRS can be contacted for educational materials and tax forms at either its Chicago or Springfield offices. Internal Revenue Service, Taxpayer Education, 230 South Dearborn 6604 CHI, Chicago, IL 60605; 312-886-0171 or Internal Revenue Service, Taxpayer Education, 320 West Washington Street, SPD 6600, Springfield, IL 62777; 217-782-4823.

Illinois Department of Revenue. Contact the Illinois Department of Revenue for educational materials and tax forms. Illinois Department of Revenue, Public Service, 101 West Jefferson, Springfield, IL 62702; 217-785-2363.

CHAPTER 7

INSURANCE

Almost every person at some time will be faced with the need to buy insurance. Because the content in the area of insurance is so extensive and somewhat technical, many consumers do not feel competent to make wise decisions, and they depend almost entirely upon the seller of the product for guidance. The purchase of insurance represents a large outlay of money over a person's lifetime, and decisions to purchase insurance coverage should be rational, informed decisions.

High school students have many experiences with insurance, as participants in the school's accident and sickness insurance program for students, as policyholders of automobile insurance, as beneficiaries of life insurance policies, as members of a family health insurance plan, and as recipients of Social Security benefits. In additional, many of the older high school students soon will be buying life, health, and property insurance and will be making contributions to Social Security.

To make intelligent choices when buying insurance, students need to know the risks of financial loss that they face, the methods by which they can minimize or eliminate these losses or receive reimbursement for them, the methods to use in determining their need for insurance coverages, the various types of insurance and insurance policies available to meet their needs, and the basis for choosing specific types of coverages. In addition, high school students need to be alerted to the many career opportunities in the insurance field.

Objectives

After studying this unit, students should be able to:

- Understand the basic idea and purpose of insurance and the importance of insurance in financial planning.
- Understand how to relate occupational choice to the insurance programs offered as benefits on the job.
- Know the risks of financial loss that individuals face and be able to assign appropriate priorities to these risks as a means of assuring the most satisfactory allocation of insurance funds.
- Understand that a decision to buy insurance protection means that the money spent for the cost of this protection cannot be used for other purposes.
- Acknowledge that the cost of insurance may be sufficiently high to cause an individual to decide to pay for financial losses from personal resources.
- Understand the reasons for waiting periods, deductibles, participating and nonparticipating policies, and insurable interests.
- Know the expense categories that must be considered when buying insurance against premature death of the wage earner and know how to determine the amount of life insurance needed to supplement other types of death benefits.
- Understand the important contract provisions in life insurance policies.
- Know how to choose life insurance companies and agents.

- Understand the role of Social Security in planning one's life insurance program, the benefits available through Social Security, and eligibility requirements for these benefits;
- Know the purpose of annuities and the types available and understand the uses of annuities in one's financial planning.
- Know the risks that one faces regarding sickness and accident and how to assign appropriate priorities to these risks;
- Understand the purpose of disability insurance, the types available, and the uses of disability insurance in one's financial planning.
- Evaluate health insurance products when part of a group or when not in a group.
- Know the important forms of health insurance (major medical policies, HMOs, PPOs), the characteristics of each form, and when to select one form in preference to another;
- Know the most important provision in health insurance contracts and how to select specific coverages to meet one's needs;
- Know the risks that one faces with respect to ownership of property and the amounts of coverage needed for these risks;
- Understand the need to evaluate property insurance coverage frequently and alter these coverages to compensate for inflationary trends in property values;
- Understand the uses of a homeowner's policy and a tenant's policy and know the appropriate form to buy to fit one's needs.
- Know the specific coverages in an automobile insurance contract, the appropriate amounts of insurance for each of these coverages, and the costs of the coverages;
- Understand the advantages and disadvantages of no-fault automobile insurance;
- Know how to choose automobile insurance companies;
- Understand what to do in case of an automobile accident.

Outline of Content

I. Basic Idea and Purpose of Insurance: Indemnification of Financial Losses (Risk Management)

II. Insurance as an Aid in Attaining Life's Goals

- A. Insurance as protection for dependents
  - 1. Family
  - 2. Partners
  - 3. Employees
- B. Importance of insurance as a fringe benefit to employment
- C. Evaluation of fringe benefits as a criterion for occupational choice

III. Risks of Financial Loss

- A. Loss of income
  - 1. Death
  - 2. Illness
  - 3. Disability
  - 4. Retirement of breadwinner
  - 5. Unemployment
- B. Sickness and accident expenses
  - 1. Hospital
  - 2. Medical
  - 3. Surgical
- C. Personal and public liability
  - 1. Injury to other persons
  - 2. Damage to other people's property
- D. Loss of real or personal property
  - 1. Fire
  - 2. Acts of God
  - 3. Theft
  - 4. Destruction

E. Damage to real or personal property
   1. Fire
   2. Acts of God
   3. Vandalism
   4. Accidental damage

IV. Priority Listing of Risks in Order of Severest Financial Strain on the Family Budget (Risk Management)

   A. Risks that can be assumed by an individual
   B. Risks that cannot be assumed by an individual
   C. Ways to handle risk
      1. Bear the risk
      2. Transfer the risk
      3. Reduce or control the risk
      4. Remove the risk

V. Opportunity Costs of Buying Insurance Protection

VI. Basic Factors in Obtaining Insurance

   A. Costs of insurance
   B. Waiting periods
   C. Deductibles
   D. Participating policies
   E. Nonparticipating policies
   F. Insurable interest
   G. Premiums

VII. Life Insurance and Annuities

   A. Coverages needed upon death of the breadwinner
      1. Final expenses (debts, last-minute illness costs, burial, estate settlement)
      2. Family living expenses
      3. House mortgage
      4. Education expenses for children
      5. Surviving spouse's income between the time family Social Security payments stop and Social Security retirement benefits begin
      6. Supplementary income during surviving spouse's retirement
   B. Social Security benefits that reduce the need for life insurance coverages
      1. Survivors' benefits
      2. Eligibility for survivors' benefits
      3. Amounts of survivors' benefits provided
   C. Determining amounts of needed life insurance coverages
      1. Determine the expenses to be covered in each expense category
      2. Use a worksheet or rule of thumb to arrive at specific amounts of coverage needed
   D. Pure protection life insurance-term policies (nature, characteristics, and appropriate uses)
      1. Group term
      2. Decreasing term (mortgage and credit life insurance)
      3. Renewable term
      4. Credit life insurance
   E. Protection-plus-savings life insurance (nature, characteristics, and uses)
      1. Straight life
      2. Limited payment life
      3. Universal life
      4. Combination policies and special policies (variable life)
   F. Uses of Social Security in life insurance programs
   G. Contract provisions in life insurance policies
      1. Nonforfeiture options
      2. Dividend options
      3. Settlement options
      4. Grace periods
      5. Waiver of premium riders
      6. Double indemnity riders
      7. Beneficiaries
   H. Choosing life insurance companies and agents
   I. Additional Life Insurance Products
      1. Annuities
         a. Types
         b. Characteristcs
         c. Uses (IRAs, tax shelters)
         d. Advantages
         e. Disadvantages

VIII. Policy provisions in disability insurance

- A. Guaranteed renewability
- B. Noncancellable
- C. Waiting, or elimination period
- D. Benefit period
- E. Incontestable clause
- F. Waiver of premium

IX. Health insurance

- A. Risks that one faces regarding sickness and accident
  - 1. Hospital expenses
  - 2. Medical expenses
  - 3. Surgeon's fees
- B. Disability expenses
  - 1. Loss of income
  - 2. Medical expenses
  - 3. Hospital expenses
- C. Dental expenses
- D. Order of priority in buying coverages for sickness and accident
- E. Group health insurance plans
  - 1. Types
  - 2. Costs
  - 3. Coverages
- F. Policy provisions in health insurance
  - 1. Waiting periods
  - 2. Length of time benefits will be paid
  - 3. How the policy pays off
    - a. Services
    - b. Money
  - 4. Home health care
  - 5. Inpatient and/or outpatient coverages
  - 6. Recurring illnesses
  - 7. Cancellation or renewal provisions
  - 8. Disability definitions
  - 9. Deductible provisions
  - 10. Coinsurance provisions
- G. Social Security
- H. Government-sponsored insurance programs
- I. HMOs/PPOs
- J. Major medical insurance policies
- K. Comprehensive health insurance policies
- L. Dental insurance
- M. Fraudulent practices in medicare, disability insurance, and health insurance
- N. Overlapping health insurance policies

X. Property Insurance

- A. Risks of financial loss because of property ownership or property occupancy
- B. Homeowner's and tenant's policies
  - 1. Forms
  - 2. Specific coverages
  - 3. Appropriate amounts of coverage
  - 4. Costs
  - 5. Policy provisions
- C. Coinsurance provisions
- D. Inflation and property insurance

XI. Automobile Insurance

- A. Specific coverages and suggested amounts of coverages in automobile insurance
- B. Costs of specific coverages in automobile insurance
- C. What to do in case of an automobile accident
- D. No-fault automobile insurance
- E. Choosing automobile insurance companies and agents

XII. Social Insurance

- A. Disability
- B. Unemployment
- C. Worker's compensation
- D. Medicare

XIII. Personal Liability Insurance

- A. Separate policies
- B. With property and automobile insurance

XIV. Current Issues and Problems

A. Funding of Social Security programs
B. Malpractice suits
C. Problems in reading policies
D. Problems of comparative shopping
E. Dealing with overaggressive sales personnel
F. Buying insurance by mail
G. Government intervention in insurance
H. Insurance records and your right to privacy
I. Equal access to health care by all
J. Taxation of insurance benefits
K. Cutting abuses in worker's compensation

Suggested Activities

Prepare a list of risks of financial losses and ask students to rate these risks in order of the severity of possible losses.

Invite a labor union member or official to discuss the insurance benefits that frequently are contained in union contracts.

Discuss the values of such fringe benefits for helping to make vocational choices.

Discuss the need to have protection for those who depend upon the breadwinner of a family, the partner in a business, the employees in a firm, etc. Relate the need for protection to insurance, and relate the need for insurance to the attainment of life's goals.

Invite an employer to describe his/her company's retirement program and include:

a. who is covered,
b. how its benefits compare with Social Security,
c. who shares in the costs.

For each of the following situations, ask students to name the amount of reimbursement that should be received and relate this to the idea that insurance is designed to indemnify financial losses.

a. Total destruction of a $20,000 automobile
b. Theft of a $120 raincoat
c. $20,000 damage to a house
d. A $15,000 hospital bill
e. The death of a wage earner

Visit the Internet site of the Illinois Department of Insurance and find the description of the services rendered by the department and the regulations governing insurance companies in Illinois. Summarize the findings in an oral report.

Drill on definitions of insurance vocabulary by requiring designated class members to have definitions ready on certain days. Keep a list of these terms on the chalkboard and review definitions as necessary.

Discuss the ways, other than buying insurance, that an individual or a family might try to obtain protection against financial loss and determine if the added protection from insurance coverage is worth the cost of buying the insurance.

Invite a speaker from the Social Security Administration to explain the benefits and the eligibility requirements for survivors of a deceased breadwinner and for disabled workers. Ask that copies of "Your Social Security" be provided for each class member.

Determine the amounts of life insurance coverages needed upon the death of the breadwinner.

Use life insurance charts (obtain copies of life insurance rate books from insurance agents) to compare rates for term, straight life, limited payment life, universal life, and special policies and to compare rates for different companies.

Discuss the truth or falsity of the following statements:

a. "A person should buy life insurance as early in life as possible because the longer one waits, the more it will cost."

b. "A person should buy life insurance as early in life as possible because the young person has a better chance of passing the physical examination."

Prepare an oral report on variable life insurance or universal life insurance, discussing the advantages and disadvantages.

Invite a life insurance agent to come to class and interview some of the students to help them plan the types of life insurance coverages they may need.

Discuss the circumstances under which a family would be advised to purchase each type of life insurance policy.

Show on the overhead projector the following clauses in a life insurance policy.

a. Nonforfeiture options.
b. Dividend options.
c. Settlement options.
d. Grace period clause.
e. Waiver of premium rider.
f. Double indemnity rider.

Study a table of settlement options. Discuss the advantages and disadvantages of the various options offered.

Survey the local community and obtain list of insurance brokers who are permitted to sell life insurance for more than one company. Discuss the advantages of using an insurance broker, rather than an agent for one specific company.

Invite a life insurance agent to speak to the class on the various types of annuities and their uses in family financial planning.

Invite an insurance broker or an insurance supervisor for a business firm to calculate the rate of return, or the amount of increase, for the cash value portion of variable annuities that were purchased five to eight years ago. Compare the cash value with ordinary life insurance, with universal life insurance, and with a bank savings account.

Find actual health insurance policies or descriptive material about health insurance policies and show on the overhead projector the coverages, limitations or restrictive clauses, and costs for the coverages.

Have students make a chart comparing the costs of various types of sickness and accident policies, including disability income, major medical, and comprehensive policies.

Compare costs and benefits of individual health insurance policies and group health insurance policies.

Prepare a report on the advantages and disadvantages of HMOs/PPOs.

Prepare a survey to study how much people know about their own health care coverage.

Interview a company representative to find out the cost of health care costs to a business firm.

Select one member of the class to find out about the worker's compensation law in effect in Illinois, obtaining specific information about who is covered by the law and what benefits it provides.

Obtain copies of the students' school accident insurance policies and analyze them in terms of coverages and costs.

Bring to class some newspaper accounts of financial losses resulting from fire, theft, traffic accidents, etc. Discuss how those who suffered losses could have protected themselves against the losses.

Obtain copies of homeowner's and tenant's policies for students to analyze or show parts of the policies on the overhead projector for analysis purposes.

Invite a casualty insurance agent to the class to discuss coverages and costs for property and liability insurance.

Interview a real estate broker to obtain a number of examples of the changes in property values in the community. Discuss the effect of changing property values on insurance coverages and the need for frequent evaluation of property insurance.

Work several problems using the coinsurance factor found in property insurance policies.

Ask students to take an inventory of the personal property and the values of the property in one or more rooms of their homes. From a discussion of these lists, establish the need for keeping such an inventory.

Discuss the dollar amounts of coverage that most automobile owners should have. Use articles from consumer magazines or tables from textbooks or insurance companies to show the relationship between increased liability coverages and increased premiums.

Check with insurance companies to find out how much a premium on an automobile insurance policy would have to be increased if the insurance company paid for every bump, scratch, and dent without the use of a deductible clause. Discuss the amount of money that can be saved by purchasing insurance with a deductible clause.

Show on the overhead projector the actual policies of some of the student or their parents, and discuss the cost of coverages for automobile insurance with a deductible clause.

Survey several automobile insurance companies and make a comparison of the costs of the specific coverages from each of the companies.

Interview a member of the local police force to find out the specific steps that a person follows after an automobile accident.

INSURANCE

RESOURCES

Articles

"Ten Things Your Auto Insurer Won't Tell You." ***Smart Money***. February 1999, pp. 131-135.

"The Mysteries of Life." ***Consumer Reports.*** July 1998, pp. 34-43.

"The New Game in Homeowners Insurance." ***Consumer Reports***. January 1999, pp. 16-22.

Internet

Insurance Education Foundation
www.ins-ed-fdn.org

Insurance Information Institute
www.iii.org

State of Illinois, Department of Insurance
www.state.il.us/INS

Life Insurance.net
www.lifeinsurance.net

Life and Health Insurance Foundation for Education
www.life-line.org

California Department of Insurance (Health Insurance)
www.insurance.ca.gov/CSD/Health.htm

Insurance Research Council
www.ircweb.org

University of Illinois Extention
(interactive financial security site)
www.urbanext.unic.edu/risk

Additional Resources

The Insurance Game. Teaching guide and video covering the four major types of insurance: auto, health, life, and property. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Auto Insurance Made Easy (A.I.M.E.). Free kit to teach the basics of auto insurance. State Farm Insurance, Public Affairs, 2702 Ireland Grove Road, Bloomington, IL 61709-0001. Web site: www.statefarm.com.

Insurance Education Institute. A summer two-week program to enable high school teachers to become more effective in teaching insurance. The Insurance Education Foundation provides scholarships. Katie Insurance School, Illinois State University, Campus Box 5490, 106 Williams Hall, Normal, IL 61790-5490; 800-697-8692; Fax: 309-438-7753.

Catastrophe Cove: Coconuts, Coins and Coverages. Simulation which teaches students the basic insurance concepts, terms, and insurance factors. Free. State Farm Insurance, Public Affairs, 2702 Ireland Grove Road, Bloomington, IL 61709-0001; Web site: www.statefarm.com.

Tips on Life Insurance. Provides a basic understanding of life insurance and provides guidelines for planning an insurance program. Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

Guide to Health Insurance. Differentiates the basic forms of health coverage and includes a checklist to help consumers compare plans. Health Insurance Association of America, 1025 Connecticut Avenue NW, Washington, DC 20005; 202-824-1600.

Choice, Chance and Control. Video and teacher's guide for teaching the basics of insurance. Free. State Farm Insurance, Public Affairs, 2702 Ireland Grove Road, Bloomington, IL 61709-0001; Web site: www.statefarm.com.

CHAPTER 8

CONSUMER SERVICES

A substantial portion of take-home pay is spent on services such as entertainment, recreation, and medical care. Government spending greatly increases the amount of the gross domestic product spent on services. For these reasons, it is important that students learn what services are and how buying them differs from buying products.

Effective consumer education also requires that a distinction be made between the purchase of services in the private, nonprofit-seeking sector of the economy and the public sector. Because of the role of governments, many of these services are unique in that there is often no direct relationship between the taxes paid and the services provided.

Objectives

After studying this unit, students should be able to:

Recognize the importance of consumer services in the consumer's life.

Distinguish between the purchase and use of services in contrast to products.

Understand the difference between the public and private sectors in the purchase and use of services.

Become aware of the wide variety of public services available to consumers.

Use public services in a responsible fashion.

Participate intelligently in activities designed to control and improve public and private services.

Realize that government services are not free, but increase both taxes and regulations.

Outline of Content

I. The Importance of Services

- A. Definition of services
  - 1. Uses labor and capital
  - 2. Produces no tangible product (e.g., haircut, bus ride, live music)
- B. Source of jobs
- C. Stimulates economy
- D. Satisfies needs and wants

II. Differences between Services and Products

- A. Assumed good for people
  - 1. Required - education, vaccination, sewage
  - 2. Optional - doctor, lawyer
- B. Information about price and quality
  - 1. Price comparisons difficult
  - 2. Performance information - difficult to get or hidden or complex
- C. Different payment procedures (e.g., hospital)
- D. Restrictions on ability to bargain
  - 1. Price bargains not possible (telephone, gas, electric)
  - 2. Impossible not to buy (education, gas, roads)
- E. Redress difficult - lengthy legal procedures

III. Services in the Private Sector

- A. Personal care and grooming
- B. Legal services
- C. Food preparation
- D. Household services
- E. Entertainment, recreation, travel
- F. Services discussed in other sections
  - 1. Medical care, drugs, cosmetics
  - 2. Banking, saving, and investing
  - 3. Insurance
  - 4. Automobile maintenance

5. Recreation
6. Clothing
7. Housing
8. Furnishings and equipment

IV. Services in the Public Sector

A. Available without (or with only a small) direct payment
1. Education
2. Legal aid, courts, jails
3. Aid to families with dependent children
4. Mental health care
5. Playgrounds, beaches, golf courses, ice rinks, parks, football and baseball fields
6. Museums
7. Libraries
8. Roads, airports, water routes, harbors
9. Hospitals and clinics
10. Camp grounds, fishing, hunting facilities
11. Water and sewer systems
12. Police and fire protection
13. Defense
14. Zoos
15. Employment agencies
16. Information
17. Consumer protection
18. Grants and subsidies of many kinds
19. Protection against competition (e.g., imports)
20. Labor law enforcement

B. Subsidized services - direct payments do not cover full costs
1. How and when they are used and paid for
a. Social Security
b. Colleges
c. Public transportation
(1) Rail
(2) Bus
(3) Air
d. Public housing
e. Medicare-Medicaid

V. The Merging of Public and Private Services

A. Doctors and Medicaid
B. Law - private lawyer in public courts
C. Regulations - services and problems
1. Office and factory health
2. Pollution and health control vs. jobs
3. Environment vs. energy
4. Licensing and certification of service providers
D. The utilities - telephone, gas, electric
1. Deregulation
2. Choices for consumer

VI. How to Buy and Use Services

A. Comparison shop where possible
B. Talk to users of services
C. Find and use information - medical, legal, funeral directors associations
D. Check complaints
1. Better Business Bureau
2. Professional associations
E. Problems in obtaining satisfactory services
1. Poor training of personnel
2. Mistakes and carelessness
3. Discourteous treatment of customers or citizens
F. What can be done
1. Know your rights - check laws, regulations
2. Stop doing business
3. Complain -- write agency, commission, association
4. Write to newspaper
5. Pressure the politicians

VII. Trade-offs for More and Better Services

A. More taxes and regulations
B. Crime and juvenile delinquency prevention
C. Reduced unemployment
D. Improved education and opportunities
E. Increased housing availability
F. Increased and improved transportation

G. Reduction of pollution
H. Increased equality - race, sex, age
I. Improved environment
J. Reduced economic inequality

VII. The Responsible Use of Public Services

A. Vandalism
   1. Dollar costs
   2. Environment
B. Crime
   1. Dollar costs
   2. Effects on life in society
C. Waste - higher taxes, less for all
D. Behavior - If everyone acted badly (or well), what would happen

Suggested Activities

Have students assume the role of a protection agency. Have them respond to predetermined conflicts or complaints. May use role playing and videotape these situations.

Invite a representative of the following organizations to discuss (a) what services they offer, (b) how their services are paid for, (c) the proper way to use the services.

The park district
The sewer or water district
The public transportation system
The Legal Aid Association
Others - according to the interests of the class as developed in the telephone book project.

Look up the government office listings in the telephone book. Assign each student one local government agency to call and ask about the services it performs. Have the student report orally or in writing to either the class or the teacher. The same can be done for the state, the county, the township, or the city.

Have a student describe an incident or situation where someone was mistreated in getting or attempting to get a service. Use the discussion to illustrate how people providing services should be responsible and caring. Make sure the students understand how they should act when they provide services.

Discuss the role of public servants, e.g., police, welfare or tax officials, government employment services, Social Security, or post office employees. This discussion should raise questions about how people paid by taxes should treat other citizens and what can be done to improve the services offered.

Divide the students into groups of three or four. Assign each group one of the units previously studied, e.g., health services, drugs, cosmetics. Ask each group to make a list of all the services provided in that unit. Make sure only services, not products, are listed.

Have each student take one of the public services available and do a project (large or small) that might include:

A visit to the agency,
A report on how the agency is financed,
A report on what the people in the agency think they need,
A survey to determine if more or less services are needed,
A discussion on the quality of service the agency provides,
A discussion of any waste of money in the agency,
A cost-benefit analysis (for advanced students).

Assign students who like to take pictures to compose a photo essay of the work of a service agency.

Use college application forms as a basis for discussing the reasons for choice of a college, the costs of attending college, and how these costs will be paid.

Set up role playing using four groups of students to debate issues about government services from the points of view of (1) the average taxpayer who sees little personal benefit fro the service. (2) the people who use the service. (3) the government employees who administer the service. and (4) the politician who votes on the service.

Have the students write an essay on one of the following subjects: "A County (or City or Country) without Taxes." "The Day Freedom Came - ALL the Laws and Regulations about Driving Ended."

CONSUMER SERVICES

RESOURCES

Internet

Federal Communications Commission
www.fcc.gov

National Association of Regulatory Utility Commissioners
www.naruc.org

National Association of State Utility Advocates
www.nasuca.org

Tele-Consumer Hotline
www.teleconsumer.org/hotline

Illinois Commerce Commission
www.state.il.us/icc

Additional Resources

Making Sense of Your New Communication Choices This brochure describes choices available in communication including cell phones, paging services, and Internet providers. National Consumers League, 1701 K Street, NW, #1200, Washington, DC 20006; 202-835-3323; Web site: www.nclnet.org.

Making the Best Call: How to Save Money and Avoid Problems with Your Phone Service. This brochure describes how to save money with calling cards, traditional long distance plans, and five-digit access codes. Consumer Federation of America, 1424 16th Street, NW, Washington, DC 20036, 202-387-6121. Web site: www.ag.state.il.us.

Energy Savers: Tips on Saving Energy and Money at Home. A guide published by the U.S. Department of Energy explains how to reduce your home energy use. Tips on insulation, weatherization, heating and cooling, lighting, and landscaping. Consumer Information Center, Pueblo, CO 81009, 888-878-3256. Web site: www.pueblo.gsa.gov.

Slamming This pamphlet explains how a person can be "slammed" by a phone company and gives suggestions on ways consumers can protect themselves. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706, 217-782-1090, 800-386-5438. Web site: www.ag.state.il.us.

CHAPTER 9

HOUSING

Effective use of the consumer's housing dollar to achieve the greatest satisfaction involves more than just securing a place to live. Today's consumer must be aware of housing needs, housing alternatives and costs, and legal responsibilities within a dynamic economic and social environment. Consumers must develop skills necessary to understand the housing marketplace, its fluctuation, demands, and alternatives.

Objectives

After studying this unit, students will be able to:

- Recognize family and individual needs served by housing;
- Evaluate important factors in the choice of appropriate housing;
- Identify alternatives available in housing;
- Compare homeownership and renting options;
- Calculate costs associated with various housing choices;
- Comprehend the process of purchasing a home;
- Evaluate sources and types of home financing;
- Recognize legal implications of housing choices;
- Discuss social and economic environmental issues that influence housing decisions.

Outline of Content

I. Needs Served by Housing

- A. Shelter
- B. Safety
- C. Social interaction
- D. Psychological
- E. Financial
- F. Privacy

II. Considerations in Choice of Appropriate Housing

- A. Family and individual characteristics
  1. Goals, needs, and values
  2. Stage of family life cycle
  3. Family size
  4. Family activities and interests
  5. Mobility
  6. Employment
  7. Life style
  8. Family resources
     - a. Money
     - b. Time
     - c. Skills
- B. Housing characteristics
  1. Style
  2. Floor plan
  3. Space within and around the house
  4. Convenience
  5. Maintenance and improvement requirements
  6. Supply and demand for housing
  7. Energy requirements
  8. Geographic preferences
     - a. urban, suburban, rural
     - b. region of the nation
  9. Noise and pollution factors
  10. Local covenants
  11. Quality of construction

C. Community facilities and services
   1. Libraries
   2. Schools
   3. Shopping areas
   4. Parks, recreational facilities, and play areas
   5. Fire and police protection
   6. Public transportation
   7. Public utilities
   8. Future city planning and development
   9. Local zoning restrictions

III. Housing Alternatives - Pros and Cons

A. Single-family dwellings
B. Multiple-family dwellings
   1. Apartments
   2. Duplexes
   3. Condominiums
   4. Cooperatives
   5. Row or town houses
C. Mobile homes
D. Public-financed housing
E. Retirement communities
F. New construction vs. existing housing

IV. Comparing Homeownership and Renting - Pros and Cons

A. Mobility
   1. Speed
   2. Cost
   3. Complications
B. Maintenance responsibilities and costs
C. Capital outlay for down payment
D. Investment considerations
E. Tax considerations
F. Privacy
G. Freedom of choice in use and decoration
H. Inflation

V. Costs of Homeownership and Renting

A. Renting costs
   1. Rent
   2. Utilities and operating costs
   3. Initial deposits
B. Ownership costs
   1. Mortgage payment (principal and interest)
   2. Property taxes
   3. Homeowners' insurance
   4. Maintenance
   5. Utilities and operating costs
   6. Opportunity cost of lost interest on down payment
   7. Special assessments
   8. Initial costs
      a. Down payment
      b. Closing costs
C. Ownership benefits
   1. Increase in equity (annual principal payment)
   2. Appreciation in value
   3. Tax savings
      a. Mortgage interest deduction
      b. Property tax deduction
      c. Capital gains advantages

VI. Locating Available Housing

A. Classified ads
B. Private sources
C. Public agencies
D. Private brokers or realtors
E. Internet

VII. The Process of Buying a Home

A. Determination of price range
   1. "Rules of thumb"
   2. Down payment required
   3. Insurance and tax costs
   4. "Creative" ways to afford a house
      a. Adjust expectations
      b. "No frills"
      c. Sweat equity
B. Professional assistance
   1. Realtor or broker
   2. Appraiser
   3. Attorney
   4. Inspector
C. Evaluation of home and final selection
D. Offer and negotiations, acceptance of bid
E. Secure a mortgage loan

F Title search and insurance
G Closing procedures and costs (points)
H Possession of the home and moving

VIII Methods and Sources of Financing Homeownership

A Loan application process
B Sources of financing
1 Commercial banks
2 Savings and loan associations
3 Government-insured loans
4 Government subsidy programs
5 Seller financing
6 Assuming an existing mortgage
7 Friends and relatives
8 Buying on contract
9 On-line mortgage companies
C Types of mortgages - pros and cons
1 Fixes-rate and payment
2 Adjustable-rate
3 Growing equity
4 Graduated payment
5 Rollover
6 Shared-appreciation
7 Reverse-annuity
8 "Creative financing" and "teaser" mortgages
D Determinants of monthly payment and interest paid over the term of the mortgage
1 Amount borrowed
2 Interest rate
3 Length of loan
E Other costs of a mortgage loan
1 Additional fees and charges
2 Provisions for late payments
3 Pre-payment penalty
4 Refinancing

IX Legal Aspects of Ownership and Renting

A Conditional sales contracts
B Mortgage contracts
C Promissory notes
D Title insurance
E Second mortgage
F Deeds
G Leases
H Covenants
I Breakage fees
J Subletting
K Liability and insurance

X Real Estate as an Investment

A Selection factors
B Land sales contracts
C Property reports
D Interstate land sales
E Land frauds
F Development communities
G Timesharing

XI Issues in Housing

A Warranties
B Home equity loans
C Housing for the elderly
D The home as part of the retirement plan
E Zoning
F State and local legislation
G Community planning
H Public housing projects
I Redlining
J Discrimination in housing
K Energy conservation
L Federal government tax policy

Suggested Activities

Survey the class to determine (1) the types of housing currently occupies by students (2) the length of time they have resided there (3) the types of housing units students have occupied (4) the number of times students have moved and (5) the students' personal preferences Chart the information obtained

Interview adults in the community regarding reasons for selection of their present type of housing

Arrange a panel discussion of several individuals or couples who have recently moved into the community Ask them to relate their experiences concerning housing selection and problems encountered

Discuss the residential cycle including the relationship between housing needs and stage of the family life cycle.

Survey the community for the number of types of housing, location within the community, and approximate cost for renting and buying.

Divide the class into small groups and have each group investigate initial and continuing costs of housing options.

Compare total costs for renting and buying various types of housing. Cost information might be obtained through want ads and interviews with realtors and homeowners.

Conduct a field trip to a house, apartment, or condominium to evaluate a floor plan, or use a computer program to evaluate floor plans.

Debate the advantages and disadvantages of renting and buying.

Can the "average" family afford the "average" house? Research median income and median housing prices and compare with the "rules of thumb" guidelines for affordability.

Invite an officer of a bank or savings and loan association to discuss types of mortgages and the loan approval process.

Present a symposium on home financing with each student representing the views and policies of a source of home financing available within the community.

Compare commercial versus government-insured home financing with regard to availability, interest rates, building requirements, advantages, and disadvantages.

Invite a local attorney to discuss the legal responsibilities of the homeowner and renter.

Role play common problems of landlords and tenants.

Study local building codes and provisions for their enforcement. Invite contractors, trade union and local government officials to discuss the validity of existing statutes.

Interview the city planning commission, building inspectors, local government personnel, and zoning commission to determine housing policy procedures and issues.

Research and report on the local building codes and zoning laws. Use the material from the report for a debate on the relative merits of zoning laws and building codes.

Invite the industrial education teacher to show the class the various steps in building a housing unit.

Conduct field trips to observe a variety of home construction techniques and discuss initial and continuing costs of each.

Invite local contractors and developers to discuss their views on construction methods and costs as each affects the total price and the financing of the housing unit.

Videotape a variety of homes under construction and discuss the videotape in class.

Select several common home repairs to determine the costs when (1) using professionally trained personnel for repairs, (2) trying to do it yourself, and (3) employing an unskilled person. Discuss situations when each course of action would be appropriate.

Conduct a walking field trip through a neighborhood to observe how the local community is observing good ecological practices.

HOUSING

RESOURCES

Internet

National Association of Realtors
www.realtor.com

Fannie Mae Foundation
www.fanniemaefoundation.org

National Association of Home Builders Remodelors Council
www.remodelingresource.com

Department of Housing and Urban Development
www.hud.gov

Chicago Title and Trust Company
www.ctt.com

Interest.com
www.interest.com

Chase Home Mortgage Information Center
www.loanchase.com

Additional Resources

Landlord and Tenant. This brochure contains information about the Illinois landlord/tenant law, including security deposits, rent increases, and evictions. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us

Selling Your Home: Know Your Rights. This brochure explains the rights of the consumer when selling a house. American Bar Association, 541 North Fairbanks Court, Chicago, IL 60611; 312-988-5735; Web site: www.abanet.org

Buying a Home: Know Your Rights. This brochure explains how to make an offer, get a mortgage, and complete the title transaction. American Bar Association, 541 North Fairbanks Court, Chicago, IL 60611; 312-099-5735; Web site: www.abanet.org.

Looking for the Best Mortgage: Shop, Compare, Negotiate Free Publications Services, Mail Stop 127, Federal Reserve Board, Washington, D.C. 20551; 202-452-3244; Fax: 202-782-5886; Web site: www.federalreserve.gov.

All About Mortgages: Insider Ties to Finance or Refinance Your Home. A question-and-answer format on a variety of topics including using the Internet to obtain mortgage rates, applying for a mortgage on the Web, and evaluating refinancing alternatives. Dearborn Publishing Group, 155 N. Wacker Drive, Chicago, IL 60606; 800-621-9121; Web site: www.dearborn.com

Dollars and Sense Housing. A CD which includes a tutorial, simulations, games, and exam. Topics include renting, buying, financing, and insuring housing. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Credit Crossroads: Home Buying and Credit: Is Your Credit on Solid Ground? Free Brochures and pamphlets to provide information and advice on the process of buying a home. Experian Consumer Education, P.O. Box 1239, Allen, TX 75013; 800-947-7990; Web site: www.experian.com.

One Month's Rent in Advance. Teacher resource guide and videotape shows how to find an apartment, how to evaluate it, what to do before signing the lease, and what insurance is needed. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site:www.cwpub.com.

How to Buy Your Own Home: Teacher's Guide and Student Book. Free. Fannie Mae Foundation, 4000 Wisconsin Avenue NW, North Tower, Suite 1, Washington D.C. 20016-2804; 800-539-4051; Web site: www.fanniemae foundation.org.

CHAPTER 10

FOOD

Today's consumers regularly spend a substantial portion of their income on food purchases. The wise use of the dollar is dependent upon the consumer's ability to evaluate available products and to plan food purchases. The consumer's ability to recognize and control the factors which affect choice making will result in wiser use of the consumer's income and will achieve greater health benefits for the individual and family.

Objectives

After studying this unit, students should be able to:

- develop an understanding of the factors affecting food purchases and prices.
- understand the effects of group action on food purchases.
- evaluate the services and merchandising practices of the retail food outlet.
- understand and use food packaging, processing, grading, and labels as buying guides.
- identify sources of consumer information and protection.
- utilize available resources and management skills in spending the food dollar to achieve maximum satisfaction.
- develop an awareness of the values and benefits in preplanning, purchasing, and preparing food toward balanced, nutritious meals.

Outline of Content

I. Factors Influencing Family Spending for Food
   - A. Values, goals, and standards
   - B. Number, age, and sex of family members
   - C. Cultural, social, and ethnic heritage
   - D. Buying habits and eating patterns
   - E. Equipment and storage availability
   - F. Knowledge of food preparation skills
   - G. Available resources
   - H. Family life style
   - I. Employment and recreational needs
   - J. Nutritional requirements
   - K. Food stamps
   - L. Regional geographical environment
   - M. Special diets

II. Effects of Group Action on Food Purchases
   - A. Boycotts
   - B. Farmers' union
   - C. Work stoppages and slowdowns

III. Establishing Wise Buying Habits
   - A. Home-prepared foods
   - B. Preparing shopping lists
   - C. Utilizing informational advertising
   - D. Use of appropriate package sizes and types
   - E. Preplanning menus
     1. Nutritional requirements
     2. Proper food preparation
     3. Use of appropriate food forms
        - a. Fresh
        - b. Frozen
        - c. Seasonal
        - d. Convenience
     4. Food preservation

F. Unit pricing
G. Universal product code
H. Reading labels
   1. Grading
   2. Food terminology
J. Chain, national, and generic brands
K. Open dating

IV. Alternatives to Home-Prepared Foods

A. Restaurants
   1. Fast-food, family-style, gourmet
   2. Quality of food
   3. Cost
   4. Nutrition
   5. Sanitation requirements
B. Convenience foods

V. Evaluating Issues and Utilizing Changes Taking Place in the Food Industry

A. Convenience, synthetic and natural foods
   1. Cost
   2. Nutrition
   3. Safety
   4. Health requirements
B. Food additives
C. New processing and packaging
D. Electronic checkout
E. Government action affecting foods
   1. GRAS list
   2. Research
   3. Nutritional labeling
   4. Food pyramid

VI. Evaluating the Retail Food Outlet

A. Motivational and social influences on the consumer
   1. Advertising for children
   2. Supermarket strategy
      a. Lighting
      b. Music
      c. Food placement
   3. Imported food items
B. Elements affecting food pricing
C. Sources of food purchases
D. Merchandising practices
E. Auxiliary services

VII. Alternatives to Retail Food Outlets

A. Farmers' markets
B. Co-ops
C. Home gardening
D. On-line grocery shopping

VIII. Informing and Protecting the Food Consumer

A. Publications
B. Government agencies
   1. Federal Trade Commission
   2. Food and Drug Administration
   3. U.S. Department of Agriculture
   4. Illinois Department of Agriculture
   5. Illinois Department of Public Health
   6. County Extension Agent
   7. County Welfare Agencies
C. Legislation
   1. Wholesome Meat Act
   2. Fair Packaging and Labeling Act
   3. Food, Drug, and Cosmetic Act
   4. Federal Hazardous Substances Act
D. Ecology

Suggested Activities

Draw and compare or analyze a sketch of the layout of a supermarket.

Survey the typical diets of the class by having each student keep a record of all the food consumed for a period of time. From this information, compile a typical teen diet. Discuss the influences on teenage eating habits.

Using the typical diet, determine if the young consumer is observing good nutritional habits. Discuss how the human body might be affected if these diets are continued over a period of years.

Plan a menu for one week to determine (1) the cost if all meals were eaten in a restaurant, (2) the cost if all meals were prepared at home using convenience foods, and (3) the cost if all meals were prepared at home with no convenience foods.

Collect advertisements from various retail food outlets to ascertain (1) the amount of factual information given, (2) the motivational influences used, and (3) the percentage of valid sale items.

Chart the flow of food from the farmer to the consumer. Discuss how the steps and changes that take place in the food affect the final cost to the consumer. Invite an agriculture teacher or county extension agent to tell the farmer's side of food pricing. Invite a supermarket manager to tell the retailer's side of food pricing.

Discuss the effects on food supplies and food prices of such group actions as boycotts, farmers' unions, work stoppages, and work slowdowns in food distribution. Debate the merits and the shortcomings of such actions.

Using either a panel or a symposium composed of the county extension agent, a consumer, a retail food manager, and a student, discuss how the consumer is being informed and aided in purchasing food products.

Using one food item, prepare a display of all the ways this food might be packaged and sold, e.g., fresh, frozen, canned, dried, etc. Relate preparation and processing methods to the ultimate use of the food item.

Make a collage of labels and conduct a comparison study of the information contained on them. Call attention to the contrast between food product labels for pets and labels on food products for human consumption.

Make a collection of food containers to ascertain how the Fair Packaging and Labeling Act is being implemented.

Arrange a panel discussion of the advantages and disadvantages of organic foods.

Develop a consumer information center containing information collected from various agencies and organizations.

Have the class prepare a newspaper column to keep the student informed about current legislation, consumer problems, and agencies which will aid the consumer.

Prepare exhibits, posters, display cases, skits, and programs to alert the consumer about the importance of observing good ecology principles.

Discuss the pros and cons of unit pricing.

Plan a field trip to a variety of food outlets to investigate the (1) advantages and disadvantages of one-stop shopping and its effect on the food dollar, (2) information on brand and store labels and their use, (3) variety of synthetic and convenience foods currently on the market and their use, and (4) comparative costs of samples in various stores.

FOOD

RESOURCES

Video

Value Shopping: Stretch Your Food Dollar. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

Supermarket Persuasion: How Food Is Merchandised. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

How to Read and Use Food Labels. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

Articles

"The Confusing Side of Food Health Claims." ***Consumer's Research.*** May 1998, pp. 23-25.

Nutritional Quality of Foods At and Away from Home." ***Food Review.*** May-August 1997, pp. 33-40.

"How Safe is Our Produce." ***Consumer Reports.*** March 1999, pp. 28-31.

Internet

International Food Information Council
ificinfo.health.org

Food and Drug Administration
www.fda.gov

The Dollar Stretcher
www.stretcher.com

United States Department of Agriculture
www.usda.gov

University of New Hampshire Cooperative Extension
http://ceinfo.unh.edu./nutrfood.htm

University of Illinois Extension Service
www.urbanext.uiuc.edu

American Council on Science and Health
www.acsh.org

Additional Resources

The Earth's Future Is in Your Shopping Cart: Shopping to Reduce Waste and Conserve Resources. Free. National Consumers League, 1701 K Street, NW, Suite 1200, Washington, DC 20006; 202-835-3323; Web site: www.nclnet.org.

FDA Toll-Free Number. Consumers may call the Office of Consumer Affairs of the Food and Drug Administration to obtain information related to FDA services and regulatory actions. 1-888-INFOFDA (1-888-463-6332).

Eating Smart, Even When You're Pressed for Time. Free. National Cattlemen's Beef Association, Education Department, 444 North Michigan Avenue, Chicago, IL 60611.

$14 Food Shopping Challenge. University of Wisconsin Cooperative Extension. Web site: http://uw-ext.co.marathon.wi.us/food2.htm.

Buying Food. Reproducible activity package designed to help students understand the costs and techniques of buying food at the grocery store and eating out. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Nutrition Action Healthletter. A monthly newsletter, which is one of many consumer information materials published by CSPI. Center for Science in the Public Interest, 1875 Connecticut Avenue NW, Suite 300, Washington, DC 20009; 202-332-9110; Fax: 202-265-4954; E-mail: cspi@cspinet.org.

CHAPTER 11

TRANSPORTATION

Every day, millions of people use several different modes of transportation. They take busses to school or to their places of work, or they use cars, trains, subways, and other modes of travel. Transportation is used for shopping and recreation. One of the consumer's greatest expenses in both money and time is the purchase and use of transportation.

Costs of transportation have risen, and several different modes have been developed to meet the needs of our society. To make the best choice in the purchase and use of transportation, a consumer must understand how to evaluate the need for transportation, how to select appropriate modes, and how to provide for the finances needed in obtaining transportation. In particular, a consumer needs to understand the problems involved in the selection of an automobile and in its maintenance and operation.

As transportation facilities have grown, many social problems have arisen. Problems of land use, pollution, and congestion must be weighed against the benefits of various transportation systems. Because these are social problems, today's consumers must also develop the knowledge to promote the wise use and extension of all forms of transportation.

Objectives

After studying this unit, students should be able to:

- identify the alternative means of transportation which are available;
- determine the relative advantages and disadvantages of the different transportation modes;
- determine need for transportation on the basis of such factors as usage patterns, operation costs, maintenance costs, and storage fees;
- develop an understanding of the relative costs of different transportation modes, including taxes and subsidies;
- understand how to evaluate different modes of transportation with regard to financing, insurance, safety, convenience, maintenance, and energy use;
- be aware of the various social costs of transportation, i.e., pollution, depletion of resources, congestion;
- recognize the importance of counting a person's time, safety, and comfort as costs of alternative transportation modes;
- recognize that a large portion of income is used for the purchase and use of an automobile;
- recognize the care needed in the efficient and economic operation of an automobile;
- understand that as much care should be taken in shopping for automobile financing as is taken in the shopping for the car itself.

Outline of Content

I. Transportation as a System

   A. Provides freedom in regard to living, working, shopping
   B. Increases economic activities
   C. Provides for efficient distribution of goods and services

II. Interdependence of Transportation Systems

A. Competition
   1. Network of highways, streets, alleys
   2. Railroads
   3. Subways
   4. Airlines

B. Policies that favor one might hurt others, e.g., free streets, subsidies to public tolls

III. Individual Needs for Transportation

A. Travel
   1. School
   2. To shop
   3. To work
   4. For recreation

B. Needs related to financial resources
C. Physical limitations
D. Time available
E. Type of travel related to type of transportation

IV. Advantages and Disadvantages of Major Forms of Transportation Available

A. Rail
B. Bus
C. Air
D. Mass transit
E. Cycles
F. Walking

V. Cost Considerations in Transportation Decisions

A. Explicit costs
   1. Fixed costs
      a. Depreciation
      b. Lost interest on capital invested
   2. Variable costs

B. Implicit costs
   1. Social costs
   2. Subsidies

C. All-inclusive costs - all costs associated with choice of transportation

VI. Non-economic Factors in the Selection of Transportation Modes

A. Freedom of scheduling
B. Value of time
C. Style
D. Status
E. Comfort
F. Convenience
G. Reliability
H. Flexibility
I. Service
J. Safety
K. Availability
L. Privacy

VII. Selection, Purchase, and Ownership of an Automobile

A. The selection process
   1. Needed for what purpose
   2. Performance standards
   3. Testing agencies
   4. Pricing and price comparisons
      a. Auto brokers
      b. Buying clubs
      c. Fleet discounts
      d. On-line resources
      e. New car price services
   5. New vs. used
      a. Repair costs
      b. Parts availability
      c. Warranty
   6. Buying vs. leasing
      a. Negotiating buying or leasing terms
      b. Consumer Leasing Act
   7. Buying from private individual vs. dealer
   8. Energy consumption
   9. Safety
   10. Lemon Laws

B. The payment source
   1. Dealer-supplied financing
   2. Personal-loan financing
   3. Bank
   4. Credit union

C. The responsibilities and requirements for ownership
    1. Title
    2. License
    3. Insurance (see section on Insurance)
    4. Maintenance
    5. Safe use
    6. Others
        a. Odometer protection
        b. Minimum tread law
        c. Seat belts/air bags

VIII. Alternatives to Transportation

A. Conference calls
B. Picture-phone
C. Internet/electronic mail

Suggested Activities

List different destinations for a vacation on 10 or 15 different cards. Divide the class into groups of four or five. Each group draws a card and plans a vacation, including costs of different ways to get there, the least expensive time to travel, and a comparison of cost and benefits.

Check to see if the public transportation system is running on time by getting schedules and assigning students an hour or two of checking. Keep records. Send the records to the transportation system office and request an interview to discuss ways of improving the system.

Get a resource person to talk to the class about safety and the consequences of accidents with motorbikes, bicycles, and automobiles.

Make a survey of the transportation modes in the area and the approximate percentage of the population using each type of transportation.

Obtain from community financial sources the specific costs of financing varying types of transportation and report the results to the class.

List the advantages and disadvantages of purchasing new or used cars or motorcycles.

Visit a travel agent and discuss the various rates charged for different means of transportation and report back to the class on the costs.

Have an official of the local cab company talk to the class about the operation of the cab company and how they figure the cost of operating cabs.

Interview a local service station manager and discuss the costs of maintaining an automobile and the specific care which is needed to get the most out of the money spent for service and repairs.

Divide into groups and discuss situations in which the car, plane, bus, train, or cycle would or would not be the form of transportation which would provide maximum satisfaction for the consumer's transportation dollar.

Ask a local insurance person to discuss the insurance costs for various types of transportation and the protection a consumer should have with each type.

Ask students to pretend they are operating the family car as a taxi for the exclusive use of the family. Determine how much would have to be charged per mile to cover all costs. Be sure to include all costs such as implicit costs (driving time, depreciation, lost interest on capital invested, or interest on installments) and out-of-pocket costs (repairs, insurance, licensing, personal property tax, gas and oil). How could this method be used on other means of transportation? Of what value is this method in helping make choices as to what to buy? Why do business representatives go through a similar process?

Ask an automobile dealer to give estimates of the following costs for the average car: gas and oil, license plates, adequate insurance - including liability, collision, medical payments and

comprehensive insurance coverage for an individual under 25 years of age; the amount a new car depreciates in two years; the amount of depreciation for a used car (two years old when purchased) that is kept for two years; finance charge for a loan; the amount of sales taxes.

From an automobile repair service or service station, find the cost of replacing the following (including installation) on the average car: battery, shock absorbers (front and rear), new brakes generator, tune-up (including spark plugs, oil change, etc), muffler and tail pipe, and tires (set of four).

TRANSPORTATION

RESOURCES

Internet

Carfax
www.carfax.com

Kelley Blue Book
www.kbb.com

National Highway Traffic Safety Administration
www.nhtsa.dot.gov

New Car Assessment Program
www.nhtsa.dot.gov/cars/testing/ncap

Insurance Institute for Highway Safety
www.hwysafety.org

Highway Loss Data Institute
www.carsafety.org

Motor Trend Online
www.motortrend.com

Car Talk
www.cartalk.com

AutoSite
www.autosite.com

Additional Resources

"In the Unlikely Event..., The Politics of Airline Safety." Free to educators. The Center for Public Integrity, 1634 I Street, #902, Washington, DC 20006; 202-783-3900; Web site: www.publicintegrity.org.

"Buying a Used Car." 16 pp., free. Federal Trade Commission, Bureau of Consumer Protection, Washington, DC 20580; Web site: www.ftc.gov.

Dollars and Sense Cars. A complete unit of study on buying, leasing, financing, insuring, and maintaining a car or truck on CD. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Keys to Vehicle Leasing: A Consumer Guide. Free. Federal Trade Commission, Bureau of Consumer Protection, Washington, DC , 20580; Web site: www.ftc.gov.

Auto Repair. Helps consumers find quality repair shops, establish good relationships with their mechanics, and use preventative maintenance measures. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us.

Tips on Buying a New Car. Provides the information a consumer needs to get the best deal. Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-247-9315; Web site: www.bbb.org.

Never Pay the Sticker Price. Teacher resource guide and video with information on where to look for a car, how to evaluate the car and negotiate a price, where to finance, what insurance is needed, and how to take care of the car. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Consumer Reports Annual New Car Yearbook. Publishes test results and reliability records. Other publications and services available include: ***Used Car Buying Guide, New Car Price Service, Used Car Price Service,*** and ***Auto Insurance Price Service. Consumer Reports,*** 101 Truman Avenue, Yonkers, NY 10703-1057; 914-378-2000; Fax: 914-378-2900.

CHAPTER 12

CLOTHING

Society places great emphasis on individual self-expression and the satisfaction of individual needs and wants. It is of great importance to young people that they be accepted by their peers, and the choice of the right clothing is frequently seen by the young as a major factor in this acceptance. In the marketplace, and especially in the clothing store, this trend is reflected in an accent on style.

Most young people select their own clothes. Students need training in the principles of good purchasing. If the principles of planned buying and decision making are learned during the early years, students will have a solid background to support them in dealing with the multitude of styles, the pressures of family and peer group, and their own changing tastes as they grow toward maturity.

Objectives

After studying this unit, students should be able to:

- Understand the influences on the consumer in the clothing marketplace.
- Explore resources and possible alternate solutions in meeting family and personal clothing needs.
- Develop the ability to identify and analyze their personal values and needs in relation to the clothing they wear.
- Develop the ability to plan, select, and finance a wardrobe that will meet their individual needs.
- Realize that clothing can be functional and attractive and still be in fashion.
- Appreciate the importance of proper care and repair of their clothing, both for appearance and to help stretch clothing money.
- Understand how to judge quality of clothing by paying attention to construction, fabric, finishes and design.
- Evaluate price values at seasonal or specially advertised sales in order to know when price should be a factor in purchasing.
- Become familiar with consumer information sources in order to keep informed and develop better purchasing practices.

Outline of Content

I. Wardrobe Planning
   - A. Inventory
   - B. Individual needs and wants
   - C. Values and goals
   - D. Stretching available income
   - E. Other resources
     1. Sewing skills
     2. Gifts
     3. Recycling clothing
   - F. Appropriate dress

II. Clothing Selection
   - A. Principles of design
     1. Line
     2. Color
     3. Texture
     4. Fads
     5. Accessories
   - B. Fiber, fabric construction, finishes
     1. Natural
     2. Synthetic
     3. Woven

4. Thread count
5. Knit
6. Felting
7. Bonding
8. Laminating
9. Colorfastness
10. Special finishes

C. Psychological and social values
1. Dress of peers
2. Social status
3. Dressing for job
4. Mobility

III. Purchasing Practices

A. Factors determining price
1. Quality of construction
2. Fiber content
3. Construction detail
4. Quality of fabric and finish
5. Seasons - special holidays, special sale days
6. Store differences
a. Department
b. Speciality
c. Factory outlet
d. Chain, discount shopping center
e. Services offered - sales help, self-help
f. Parking, returns, etc.
g. Geographic location
h. Supply and demand
i. Off-price retail
j. Resale shops
k. On-line purchasing
7. Shop security

B. Comparative Costs
1. Buying ready-made
2. Making some or all of your own clothing

C. Knowledge of sizes
1. Customary sizing
2. Metric sizing

D. Method of payment
1. Cash
2. Credit

E. Use of buying aids
1. Brand names
2. Trademarks - counterfeiting
3. Hangtags
4. Labels
5. Guarantees
6. Advertisements
7. Catalogs
8. Consumer publications

IV. Consumer Legislation and Sources of Information

A. Wool Products Labeling Act
B. Fur Products Labeling Act
C. Flammable Fabrics Labeling Act
D. Textile Fiber Products Identification Act
E. Permanent Care Labeling Act
F. The Federal Trade Commission
G. The USA Standards Institute (American Standards Assoc.)
H. United States Department of Agriculture
I. Consumers Union of the United States
J. Consumer Product Safety Commission
K. National Fabricare Institute
L. American Textile Manufacturers Institute
M. American Apparel Manufacturers Association

V. Care and Maintenance

A. Daily, weekly, and monthly care
B. Laundering - professional and coin
C. Dry cleaning
D. Performance of fibers and finishes with home care
E. Seasonal care and storage
F. Minor repairs
G. Major alterations
H. Recycling

Suggested Activities

Discuss ways to judge quality in clothing and have students devise a checklist for judging construction details such as seam allowances, matched patterns, hem depth, etc.

Devise a recordkeeping system for hangtags to include clothing care, date and place of purchase, and fiber content.

Study and obtain samples of woven, knitted, and novelty weave fabrics. Make tests of fiber characteristics for burning, snagging, wrinkling, etc.

Compare the cost of making an article of clothing with the cost of buying a ready-to-wear item of comparable fabric and quality.

Discuss how cultural differences, personality, and value differences may influence choices of clothing within a family unit. Decide what basic clothes are essential for everyday living for (1) high school or college student, (2) first year on a job, (3) new baby, (4) businessperson, (5) homemaker, (6) retired person.

Invite a resource person from a retail store to bring samples of clothing and give a talk on buying clothes for the winter, spring, summer, or fall season, what to look for; how to read tags, tickets, and labels on garments; and factors involved in pricing.

In committees of three, investigate and obtain information on the various types of credit plans available for buying clothes at department stores, chain stores, and specialty stores and through catalog ordering, and on-line buying. Report and discuss in class. Explain how each of the common forms of credit is used to meet different needs.

Comparison shop a well-known blouse or shirt versus a less-known brand name at a medium-price level. In committees, visit a department store, specialty shop, chain, discount house, catalog order store and on-line seller. Evaluate results.

Research law requirements on label for certain textiles. Prepare a list of labeling laws which protect the consumer.

Simulate a department store claim adjustment department. Customers are returning merchandise for three different claims of damage: (1) shrinkage, (2) hole in shirt from pressing, and (3) leaking boots. Role play customer's and clerk's attitudes for both right and wrong approaches. Discuss and write correct procedure to follow for making claims for adjustment. List responsibilities of consumer as well as merchant retailer.

Collect ads from magazines and newspapers. Make a display showing informative and noninformative ads. Discuss and write what information, in your opinion, should be given in newspaper ads, TV commercials, or radio advertising.

Take a field trip to a dry cleaning establishment to learn about spot removing, cleaning, and pressing techniques.

CLOTHING

RESOURCES

Video

Clothing: An Intelligent Buyer's Guide. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

Wardrobe Management: Dress Well for Less. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

Clothing Care. The Learning Seed, 330 Telser Road, Lake Zurich, IL 60047. 800-634-4941.

Articles

"Spend 100. Look Like a Million." ***Women's Day.*** April 25, 1995, p. 90.

"What a Deal!" ***Family Circle.*** April 4, 1995, p. 72.

"How to buy a sweater." ***Consumer Reports.*** December 1994, p. 791.

"Outlet Malls: Do They Deliver the Goods?" ***Consumer Reports.*** August 1998, pp. 20-25.

"Sorting Out the Stores." ***Consumer Reports.*** November 1998, pp. 12-17.

Internet

Parent Hub
www.parenthub.com/family/savings/savedress.htm

University of Illinois Extension
www.urbanext.uiuc.edu

The Dollar Stretcher
www.stretcher.com

Consumer Reports Online
www.ConsumerReports.org

Additional Resources

Dollars and Sense Clothing A complete unit of study on buying and maintaining clothing on CD. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax 815-626-3043; Web site: www.cwpub.com.

Thrifty Living -- News You Can Use. Fact sheet about saving money when buying clothes. University of Illinois Extension, 326 Mumford Hall, 1301 W. Gregory Drive, Urbana, IL 61801; 217-333-2958; Web site: www.urbanext.uiuc.edu.

The Better Business Bureau A to Z Buying Guide. Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

Tips on Drycleaning. Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

Closet Cues: Care Labels and Your Clothes. Explains the FTC Care Labeling Rule and the care symbols. Free. Federal Trade Commission, 6th and Pennsylvania Avenue NW, Washington, DC 20580; 202-326-3761; Web site:www. ftc.gov.

CHAPTER 13

HEALTH CARE

Adequate health is vital to physical, psychological, emotional, and social fitness. Dollars spent to reach the goal of the best possible health are profitable investments not only in ourselves and our families, but also in the overall vitality and strength of our communities and our country. Medical science has made startling advances in controlling disease and promoting good health for everyone. Costs for medical care and the maintenance of good health continue to rise in the United States. These rising expenses make a financial plan to cover health costs both helpful and necessary.

Many products and services associated with the health and welfare of individuals are available. The relationship of good health to the use of these products and services should be a concern of all.

Consumers spend a substantial portion of their income on health clubs, drugs, diets and diet supplements, cosmetics, and preventive medical programs. To achieve maximum satisfaction, consumers must exercise sound judgment in the purchase of these and other related items.

Objectives

After studying this unit, students should be able to:

- Understand desirable health practices for each stage of their life cycles;
- Identify ways to help build and preserve optimal health;
- Know where and how to obtain professional health services including treatment;
- Understand how to select professional health services including treatment;
- Understand the alternatives available in securing health services;
- Recognize that a financial plan to cover health costs is both helpful and necessary;
- Understand the dangers of fad diets and other health gimmicks;
- Recognize the validity of health information obtained from non-professional services;
- Utilize health services and information available at minimal or no cost, such as community health agencies, local or state health departments, welfare department, and professional organizations and societies;
- Become aware of and evaluate supplementary health products, health insurances and health care programs that are available on the market today;
- Become aware of fraudulent health practices and products;
- Recognize the role advertising plays in the health field;
- Be aware of the factors that influence the buying of cosmetics, over-the counter drugs, and other health preparations;
- Recognize that drugs are potent substances that may help or harm the body.

Outline of Content

I Maintaining Good Health

- A Definition - physical, mental social, emotional, and spiritual
- B Inherited traits

C. Physical fitness
D. Nutrition
E. Regular medical and dental examinations
F. Satisfying work
G. Rest and relaxation
H. Recreation
I. Mental and emotional stability
J. Social well-being
K. Stress control

II. Choosing medical care services

A. Health care delivery systems
1. Private physician, dentist, etc.
2. Walk-in medical service
3. Health maintenance organization (HMO)

B. Choosing a physician, dentist, optometrist, psychiatrist, chiropractor, psychologist, HMO, or other professional personnel
1. Qualifications
2. Location of office, hours
3. Fees, costs, and payment methods
4. Hospital affiliation and extended care facility

C. Selecting hospital services
1. Rooms - private, semi-private, multiple
2. Rates
3. Facilities
4. Out-patient services

D. Using community and tax-supported health services
1. Clinics
2. Community mental health centers and hospitals
3. Hospices
4. Local health department
5. National health insurance

III. Sources of Information and Protection

A. Government agencies
1. State
a. Department of Public Health
b. Department of Children and Family Services
c. Department of Public Aid
d. Department of Mental Health
e. Department of Labor
f. Industrial Commission (Worker's Compensation)
g. Medicaid
2. Federal Government
a. Food Drug Administration
b. Federal Trade Commission
c. Occupational Safety and Health Administration
d. U.S. Department of Agriculture
e. Department of Health and Human Services
f. Social Security - Medicare

B. Labor unions
C. Other state, federal, and local agencies
D. Professional associations
1. Illinois Medical and Dental Associations
2. Illinois Association of Optometrists
3. Illinois Association of Podiatrists
4. American Medical Association
5. Illinois Nurses Association
6. American Nurses Association
7. American Dietetic Association
8. American Chiropractic Association

E. Voluntary health associations and societies
1. American Cancer Society
2. American Heart Association
3. American Lung Association of Illinois
4. Muscular Dystrophy Association

IV. Drugs

A. Prescription and over-the-counter
B. Generic and brand name
C. Use and misuse
D. Safety of drugs
E. Side effects of drugs
F. Drug records
G. Storage of drugs
H. Influence of advertising
I. Influence of peer pressure and fads

V. Determining Deceptive and Fraudulent Practices in Health and Medical Care

- A. Health aids
- B. Unlicensed practitioners
- C. Health quackery
- D. Deceptive and unethical advertising and selling practices
- E. Unapproved health aids, devices, services

VI. Health Care for the Elderly

- A. Types
  - 1. Nursing homes
  - 2. Shelter-care homes
  - 3. Home health-care hospices
  - 4. Senior Citizen Center
- B. Selection
  - 1. Cost
  - 2. Services offered
  - 3. Problems

VII. Cosmetics

- A. Selection
  - 1. Cost
  - 2. Influence of advertising
  - 3. Safety
  - 4. Influence of peer pressure and fads
- B. Cosmetic surgery

VIII. Problems and Issues in Health Care

- A. Spiraling costs of health care and health care insurance
  - 1. Comprehensive health planning
  - 2. Hospital cost control
  - 3. Method of payment
- B. Lack of health services
- C. Overlapping health services
- D. Malpractice
- E. Ethical issues
- F. Limited advertising for professional health services
- G. Patient rights

Suggested Activities

1. Study federal, state, city, and county health services available in the community and list services performed, who performs them, and whether they are public or private.

2. Comprise a list of local places teens may go for help or counseling.

3. Investigate the procedure in your community for obtaining the emergency services listed below. Secure the proper telephone numbers and check to make sure that these numbers are written down in your home near the telephone.

   physician
   dentist
   a physician if your own doctor is not available
   ambulance service
   hospital emergency room
   poison prevention
   drug overdose
   alcohol
   emotional disturbance/suicide
   child abuse hotline
   sexually transmitted disease (S.T.D.)
   paramedics
   fire department
   police department

Evaluate health care commercials, articles and books.

Make a comparative study of costs of physicians' and/or dentists' fees in your area.

Invite a representative of the Office of the Attorney General to discuss various aspects of consumer fraud and protection in the marketplace, giving current information on court decisions and legislative enactments.

Prepare and administer a survey to determine how students spend their money on drugs and cosmetics. Using this information, construct a graph showing how much is spent on each item individually and/or collectively.

Use brainstorming to determine the factors that influence students to buy cosmetics (magazines, TV, radio, other). Collect and mount on the bulletin board several examples portraying the influences of mass media on buying cosmetics.

Identify the sales appeal of two brands of either a drug or cosmetic product (e.g., hair spray, soap, aspirin, etc.). Compare the appeal used with the effectiveness of the product as determined by independent testing agencies.

Prepare a list of federal, state, and local law enforcement agencies responsible for the safety of drugs and cosmetics, indicating services performed.

Develop criteria for the selection of prescription and over-the-counter drugs.

Discuss some of the health and safety services provided by state and local governments.

Arrange a panel discussion on ways of reducing health costs.

Discuss the danger of self-diagnosis and self-treatment when ill. List and discuss the elements of a good personal health program, including a regular physical examination and dental care.

Determine how drugs are regulated in regard to safety and discuss the resources of consumers in regard to erroneous advertising.

Investigate the advantages and dangers of visiting tanning salons and other types of health spas.

Have class prepare and administer a survey on students as consumers of drugs and cosmetics. The survey could include items such as (a) the amount of money spent on drugs, (b) the type of products purchased, (c) brand names of products purchased, and (d) what influences students to buy a particular brand. Using the results of the survey, construct a graph which shows a) money spent on each category, (b) brands purchased, (c) reasons for purchasing, etc. Discuss results of the survey in group activities.

HEALTHCARE

RESOURCES

Article

"Is It Just a Cold?" ***Consumer Reports*** January 1999, pp. 12-15.

Internet

Mayo Clinic
www.mayohealth.org

Public Citizen Health Research Group
www.citizen.org

Centers for Disease Control
www.cdc.gov

American Association of Health Plans
www.aahp.org

FDA Health Information On-Line
www.fda.gov

National Health Information Center
nhic-nt.health.org

Additional Resources

It's Your Health: How to Get the Most Out of Your HMO. This booklet provides basic explanations of HMO coverages, a check list for comparing HMOs, and suggestions for resolving complaints related to HMO services. Consumer Action, 717 Market Street, #310, San Francisco, CA 91403; 415-777-9648; Fax: 415-777-5267; Web site: www.consumer-action.org.

Health Letter. A monthly publication by Public Citizen Health Research Group (HRG). HRG works for protection against unsafe foods, drugs, medical devices, and advocates for consumer control over personal health decisions. HRG, 1600 20th Street NW, Washington, DC 20009; 202-588-1000; Web site: www.citizen.org.

Fraudulent Health Claims: Don't Be Fooled. Helps consumers spot false and unsubstantiated health claims. Federal Trade Commission, 6th and Pennsylvania Avenue N.W., Washington, DC 20580; 202-326-2222; Fax: 202-326-2050; Web site: www.ftc.gov.

Complete Drug Reference. Covers more than 10,000 brand-name, generic, and over-the-counter drugs. Consumer Reports, 101 Truman Avenue, Yonkers, NY 10703-1057; 914-378-2000; Fax: 914-378-2900.

Consumer Reports on Health. A monthly newsletter reporting on the latest health information, medical procedures, nutrition, and fitness. ***Consumer Reports,*** 101 Truman Avenue, Yonkers, NY 10703-1057; 914-378-2000; Fax: 914-378-2900.

Skinny on Dieting. Helps consumers evaluate claims about weight-loss programs and products. Federal Trade Commission, 6th and Pennsylvania NW, Washington, DC 20580; 202-326-2222; Web site: www.ftc.gov.

Tips on Prescription Drugs and Pharmacies. Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

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CHAPTER 14

RECREATION

Consumers have larger amounts of time and financial resources today to use in various ways. Increasingly, many are deciding to use their spare resources for recreation.

Recreation is a human activity that provides a myriad of opportunities for one's physical, mental and social well-being and growth through varied activities and experiences. Whether these activities and experiences are active or passive, they allow the user to reinforce important consumer skills such as comparison shopping, budgeting, saving and decision-making in the recreation marketplace. In this process, individuals must not only weigh the benefits and costs of their personal recreational choices but those of society as well.

Objectives

After studying this unit, students should be able to:

- Analyze practices and preferences for spending non-working time;
- Evaluate the opportunity costs of using one's non-working time;
- Compare and contrast the activities that can be performed during recreational time;
- Comprehend the benefits of recreation for one's physical, mental and social health;
- Formulate a balanced personal recreational program based on one's abilities, needs and resources;
- Evaluate the opportunity costs of one's recreational plan in relation to one's entire financial plan;
- Compare and contrast the quality, features, price and financing of recreational equipment, supplies and activities;
- Comprehend that many suppliers are bidding and competing for one's recreational dollar;
- Analyze the economic effects of their recreational decisions on their families, their community and the marketplace;
- Analyze the major economic issues affecting the availability and distribution of private and public recreational facilities;
- Comprehend factors affecting recreational patterns in this nation;
- Recognize recreational activities as sources for supplementing income.

Outline of Content

I. Factors Affecting Recreational Decisions

- A. Activity level
  1. Passive/active
  2. Physical/sedentary
- B. Individual differences
  1. Time
  2. Goals
  3. Financial resources/income
  4. Life style
  5. Skill/physical dexterity
  6. Profession
- C. Individual benefits
  1. Develop physical fitness
  2. Provide needed rest or relaxation
  3. Improve physical/mental health
  4. Build personal character
  5. Learn rules and good sportsmanship

6. Provide escape from routine
7. Improve attitudes toward work or life
8. Explore entertainment
9. Develop socialization skills
10. Improve creative skills
11. Understand different peoples/societies
12. Aid retirement/rehabilitation

D. A balanced personal recreational program
   1. Active vs. passive
   2. Physical/mental activity
   3. Individual vs. group activity
   4. Spectator vs. participant
   5. Creative
      a. Composing
      b. Planning
      c. Making
      d. Building
      e. Fixing
      f. Improving

II. Financial Factors Affecting Recreational Decisions

A. Cost/benefit factors in recreational activities
   1. Budget priorities and needs
   2. Cost when not in use
   3. Fixed costs of ownership
      a. Time-share vacation home
      b. Home swimming pool
      c. Video equipment
      d. Sporting goods
      e. Boats, RVs, etc.
   4. Fees
      a. Sporting events
      b. Recreational areas
      c. Club memberships
   5. Other costs
      a. Insuring recreational equipment
      b. Insuring against personal liability
      c. Licenses
      d. Special training
      e. Fuel and repairs

B. Financial resources
   1. Personal savings
   2. Credit
      a. Installment buying of recreational products and services
      b. Credit card purchases of vacations and travel
      c. Short-term vs. long-term financing
   3. Additional considerations
      a. Rent, lease, or purchase
         1. Individual
         2. Shared
      b. Storage
      c. Quality of equipment needed
         1. New vs. used
         2. Grade of quality
      d. Useful life of equipment
      e. Trade-in value
      f. Fad vs. established activity

III. Assistance in Planning Recreational Activities

A. Public and Private
   1. American Automobile Association
   2. American Express
   3. Local arts association
   4. Local park district
   5. National gasoline companies
   6. National Park Service
   7. Retailers of recreational equipment
   8. State and local recreational agencies
   9. State Department of Conservation
   10. Travel agencies

B. Personal
   1. Experiences and advice
      a. Family
      b. Friends
      c. Neighbors
   2. Advice
      a. Medical professionals
      b. Physical education personnel

IV. Use of Public vs. Private Facilities

A. Comparing and contrasting the facilities
   1. Parks
   2. Zoos
   3. Playgrounds
   4. Museums
   5. Theaters
   6. Libraries
   7. Sporting facilities
   8. Carriers
      a. Air
      b. Bus
      c. Rail
      d. Water

B. Economic issues
   1. Private
      a. Effects of supply and demand on pricing
      b. Effects of government regulation
   2. Public
      a. Societal benefits and costs of public facilities
      b. Taxation vs. fees

V. Factors Affecting Recreational Patterns

A. Shortened workweek/increased leisure time
B. Increases in fringe benefits/increased vacations
C. Increased gross income/increased disposable income
D. Reduced taxes/increased disposable income
E. Increases in expenditure for recreational and nonwork-time activities
F. Increased interest in physical/mental fitness
G. Increased energy conservation concerns
H. Increased emphasis on second income
   1. Less leisure activity
   2. Increased spending for the home and self
I. Telecommunication

Suggested Activities

Write an essay: "What rewards or pleasures do your recreational activities bring you? Why?"

Projects and topics for investigation and discussion:

Fly or Drive?
Go Now, Pay Later
Cost of Teenage Activities
Popular Winter Sports
Two Camping Costs
Party Prices
Bicycle Security

Keep a time log to see how much time you spend on recreation in a week's time. Examine the log to see if your recreation time is a reasonable amount of time. Or do you work too much? Play too much? If you are not satisfied, how might you alter your schedule?

Investigate free community recreational facilities within a 25-mile radius. Write an article for the school newspaper.

Choose a destination and plan a vacation based on two different income levels.

Invite a travel agent to class to discuss tips on saving travel dollars and "deals" to be wary of.

Interview sellers of new and used campers, motorcycles, boats, skis, etc., and report to class the advantages and disadvantages of purchasing each.

Interview three owners each of travel trailers, motor homes, tents, and/or camping equipment in terms of:

1. initial cost,
2. care and maintenance,
3. storage,
4. operating costs and depreciation,
5. hidden costs.

Determine how long and how frequently each would have to be used for these to provide a recreational savings.

Debate whether crowded National Parks should provide more services for tourists such as bigger roads, more camping spaces, more trails, etc.

Have groups collect travel ads from newspapers and magazines and then develop a checklist of questions to ask the seller when calling or shopping.

Interview consumers in three age groups (teens, middle-age, senior citizen) and ask each to list the most popular recreational activities in their youth. How many are still popular today? Which were fads?

Interview three medical professionals on any cautions one needs to take before pursuing physical fitness programs or activities. Summarize the findings and report back to the class.

Conduct a local poll to determine which recreational activities are most popular in your community. The poll might categorize people based on age, sex, marital status, and education. Publish your findings in your local or school paper.

Interview a representative from the Office of the Attorney General and determine which recreational frauds are most prevalent in your area.

Prepare a bulletin board contrasting private and public recreational facilities in your community/ county.

Invite a person to class to talk about how he/she turned a recreational activity into supplementary income.

RECREATION

RESOURCES

Internet

Internet's Fitness Resource
www.netsweat.com

Health Central
www.healthcentral.com

U.S. Department of Commerce
www.doc.gov.oca

Articles

"Travel Scams." ***Consumer Reports.*** January 1999, pp. 29 - 31.

Additional Resources

Tips on Travel Packages. The Council of Better Business Bureaus, 4200 Wilson Blvd., Arlington, VA 22203; Web site: www.bbb.org.

Fitting Fitness In...Even When You're Pressed for Time. Free. National Cattlement's Beef Association, Education Department, 444 North Michigan Avenue, Chicago, IL 60611.

Illinois Travel Guide. Free. 800-2-CONNECT. Web site: www.enjoyillinois.com.

National Park System Map and Guide. Full color map lists activities at more than 300 parks, monuments, and historic sites. Produced by the U.S. Department of the Interior. Consumer Information Center, Pueblo, CO 81009; 888-878-3256; Web site: www.pueblo.gsa.gov.

Campground Memberships. A pamphlet informing consumers what to keep in mind before purchasing a campground membership. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us.

Physical Fitness Centers. Provides questions to ask and things to check out when evaluating a physical fitness center. Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us.

CHAPTER 15

HOME FURNISHING AND EQUIPMENT

Because home furnishing and equipment are accumulated over a period of time, it is easy to overlook the impact they can have on personal and family budgets. Sound buying decisions need to be based on learned skills as well as thoughtful planning if students are to evaluate intelligently the alternatives available to them in a rapidly changing society.

Objectives

After studying this unit, students should be able to:

- Make satisfying selections of home furnishings and equipment according to social, psychological, economic, and utility needs of self and family.
- Understand the importance of budgeting costs and planning for payments.
- Recognize that planning the purchase of some furnishings and appliances involves additional costs related to financing, delivering, installing, operating, and servicing.
- Learn to recognize the levels of quality.
- Understand the terms of warranties and service contracts and the responsibilities of both buyer and seller in relation to those terms.
- Become aware of the ways that shopping skills can help consumers obtain the most satisfaction for their money.
- Understand various types of credit plans and use them intelligently.
- Become knowledgeable about consumer rights and responsibilities in the marketplace.
- Locate sources of assistance when fraudulent consumer practices are encountered.
- Realize that proper use, care, and maintenance can add to the life of furnishings and equipment.
- Assume responsibility for environmental and energy considerations in relation to furnishings and equipment.

Outline of Content

I. Home Furnishings and Equipment in Changing Society

- A. Help establish a sense of security and continuity
- B. Provide a source of comfort and utility
- C. Serve as an outlet for creativity
- D. Reflect personal and/or family lifestyle and interests

II. Factors Affecting Buying Decisions

- A. Architectural considerations
  1. Style of home or apartment
  2. Architectural features and their placement
  3. Size, number, and arrangement of rooms
  4. Division of interior space
  5. Type and number of utility connections
- B. Features to consider
  1. Style preference
  2. Form and function
  3. Quality and durability
  4. Construction and finishes
  5. Cost versus convenience
  6. Performance features

7. Design, color, and texture
8. Multiple-use furniture and appliances

C. Care and servicing requirements
1. Service contracts
2. Availability of parts
3. Do-it-yourself repair
4. Effects of metric measure
5. Energy efficiency ratio
6. Safety features
7. Warranties, guarantees, seals
a. Association of Home Appliance Manufacturers (A.H.A.M.)
b. Major Appliance Consumer Action Panel (M.A.C.A.P.)
c. Furniture Industry Consumer Action Panel (F.I.C.A.P.)
d. American Gas Association (A.G.A.)
e. Underwriters Laboratory (UL)

III. Other Factors Influencing Choice

A. Personal and family goals
B. Present and future income
C. Stage in the life cycle
1. Material status
2. Family size
3. Alternative life styles
4. Needs and wants
D. Long-term or short-term use
E. Peer-group pressure
F. Mobility of the individual or family
G. Periodicals and books
H. Sales personnel
I. Decorator
J. Advertising
K. Brand names
L. Model homes, store and window displays
M. Delivery and installation

IV. Care and Maintenance

A. Use and care instructions
1. Owner's manuals
2. Appliance and furniture labeling programs
3. Safety requirements
B. Regular and periodic maintenance
C. Operating costs
D. Energy consumption
E. Effect on environment

V. Financing and Payments

A. Service contracts
B. Budgeting
1. Short-term planning
2. Long-term planning
C. Cash
D. Retail credit terms
E. Cash loans
1. Financial institutions
2. Relatives
F. Rent-to-own
G. Alternatives to purchasing new
1. Second hand
a. Thrift stores
b. Family and friends
2. Refinishing, upholstering, etc.
3. Rent or lease
4. Garage sales
5. Auctions

VI. Sources of Consumer Information

A. Comparative shopping
B. Point-of-sale literature
C. Electronic shopping
D. Specification sheets
E. Hangtags and labels
F. Consumer information/education publications
G. Informative advertising
H. Utility comparison
I. General merchandise catalogs
J. Extension home economics
K. Better Business Bureau

Suggested Activities

Ask students to draw up a list of furniture they think would be needed for a three-room apartment for:

two college friends who decide to share an apartment,
a single business person,

a newly married couple,
a couple with a baby.

Using newspapers, catalogs, and magazines for furniture and price reference, estimate the cost of furnishings for each life style.

Make a shopping checklist: "What to Look for when Buying Furniture." Visit at least three different types of stores selling furniture. Use the checklist to investigate styles and prices. Read labels and tags for description of woods and finishes. Note variation of prices with quality and construction.

Make a bulletin board comparing furniture quality with its costs. Use tentative budget levels of $1,000, $2,500, and $5,000. Show the best quality of furniture you can buy to furnish a bedroom and living room for each level.

Divide the class into groups to investigate major appliance stores and study general merchandise catalogs. Compare variety of brands and models for:

Performance,
Quality of construction,
Style and special features,
Installation requirements,
Availability of servicing,
Service contracts,
Overall costs,
Financing and payment schedules,
Delivery service,
Warranties and guarantees,
Safety considerations,
Ease of mobility.

For the products investigated, obtain operating manuals, specification sheets, sales brochures, and other available information. Report back to the class and follow up with discussion. In view of all the information, what are the important factors to consider in making a purchase? Explain.

Record interviews with several young couples who have recently furnished apartments or homes. Obtain answers to such questions as: What were their experiences? Were they satisfied with their purchases? What information do they wish they had received prior to making a buying decision? Did they encounter problems and if so, how were they resolved?

Invite resource people to talk to the class on selecting home furnishings and equipment.

Divide the class into teams to research turn-of-the-century and current general merchandise catalogs. Comparison shop each of the following items from both old and new catalogs: sewing machine, washing machine, mattress, sofa bed, lamp, easy chair. (Early catalogs are available in reprint form).

Compare like items for: price differences, purchasing information in catalog descriptions, warranties and guarantees, usefulness to the consumer (utility factors), technological changes and improvements which may have occurred.

Report back to the class and discuss:

How furnishings and equipment are a reflection of our society.
How consumer demand relates to technology and how technology can influence consumer demand.
Factors which account for any price differential between early and current models of each item.

Record interviews with the customer service manager of one or more furniture, appliance, and department stores to determine:

Policies with regard to return or exchange of home furnishings and appliances,
Policies on meeting warranty terms,
Primary causes of customer complaints,
The store's responsibility to its customers,
Customer's responsibility to the seller.

Make a display of labels, samples of warranties, seals, hangtags, owner's manual, etc., collected from previous family purchases or obtained from stores. Analyze and discuss the function of each and the information it should contain. Draw up a list of standards or information you would recommend for a label or hangtag for a small household appliance.

Role play the returning of an unsatisfactory piece of furniture or a small appliance which has not performed as guaranteed and the securing of service for an appliance covered by a warranty. Evaluate and comment on consumer and dealer responsibilities. Write down the correct procedure to follow in both cases.

Visit a local industry that manufactures consumer-durable goods to determine how its products are designed and tested for safety.

Cite examples of accidents caused by products with features that are unsafe unless precautions are taken in their use. Since many accidents are caused because persons did not read or follow instructions, suggest ways in which consumers should be made more aware of their responsibilities.

Invite a home economist from a local utility company to explain the use of safety features in major home appliances, how they are meeting ecological and energy requirements, and ways the average consumer can help eliminate pollution and conserve energy in use of appliances in the home.

Obtain several sample service contracts. Examine each contract for the amount of service offered, any exclusions it states and the time period covered. Find out labor costs of servicing appliances in your community. Consider the difference in the cost of service contract insurance versus servicing without insurance. Weight differences of costs and circumstances as to the advisability of having service insurance or providing "do-it-yourself" service.

HOME FURNISHINGS

RESOURCES

Video

Furniture: A Buyers Guide The Learning Seed, 330 Telser Road, Lake Zurich, Illinois 60047, 800-634-4941.

Furnishing and Decorating Your First Home. The Learning Seed 330 Telser Road, Lake Zurich, Illinois 60047; 800-634-4941.

Internet

Consumer Information Center
www.pueblo.gsa.gov

Home Furnishings Netquarters
www.homefurnish.com

American Furniture Manufacturers Association
www.afmahp.org

American Society of Interior Designers
www.interiors.org

Upholstered Furniture Action Council
www.homefurnish.com/AFAC

University of Illinois Extension Service
www.urbanext.uiuc.edu

Additional Resources

A Guide to Making Energy-Smart Purchases. This guide presents ways to lower energy bills. U.S. Department of Energy, P.O. Box 3048, Merrifield, VA 22116; 800-363-3732. Web site: www.eren.doe.gov.

Home Appliance Buying Guide. Consumers Union, 101 Truman Ave., Yonkers, N.Y. 10703. 914-378-2000; Fax: 914-378-2900.

Tips on Buying Furniture. The Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277. Web site: www.bbb.org.

Tips on Cable and Satellite TV. The Council of Better Business Bureaus, Inc., 4200 Wilson Blvd., Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277. Web site: www.bbb.org.

Tables and Chairs. Computer software simulation where students buy furniture and arrange it in their apartments. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043. Web site: www.cwpub.com.

Buying Home Furnishings. Reproducible units with activities that include buying furnishings for apartments, looking for sales, ordering from catalogs, and buying on credit. CW Publications, Box 744, Sterling, IL 61081; 800-554-5537; Fax: 815-626-3043; Web site: www.cwpub.com.

Rent to Own. One of a series of fact sheets on buying and owning appliances. University of Illinois Extension Service, 326 Mumford Hall, 1301 Gregory Drive, Urbana, IL 61801; 217-333-2958. Web site: www.ag.uiuc.edu/~vista/dollars.htm.

CONSUMER EDUCATION RESOURCES

Sources of Consumer Education Materials

American Bankers Association, 1120 Connecticut Avenue, NW, Washington, DC 20034; 202-663-5472; Web site: www.aba.com.

American Bar Association, 740 15th Street, NW, Washington, DC 20005; 202-662-1680; Fax: 202-662-1683; Web site: www.abanet.org.

American Council on Consumer Interests (ACCI), 240 Stanley Hall, University of Missouri, Columbia, MO 65211; 573-882-3817; Fax: 573-884-6571; Web site: acci.ps.missouri.edu.

Better Business Bureau, 330 North Wabash Avenue, Suite 2006, Chicago, IL 60611; 312-832-9985; Web site: www.chicago.bbb.org.

Better Business Bureau, 3024 West Lake, Suite 200, Peoria, IL 61615-3770; 309-688-3741; Fax: 309-681-7290; Web site: www.peoria.bbb.org.

Consumer Action, 717 Market Street, #310, San Francisco, CA 91403; 415-777-9648; Fax: 415-777-5267; Web Site: www.consumer-action.org.

Consumer Credit Counseling Service of Greater Chicago, 312-849-2227, 150 North Wacker Drive, Suite 1400, Chicago, IL 60606.

Consumer Federation of America (CFA), 1424 16th Street, NW, Suite 604, Washington, DC 20036; 202-387-6121; Fax:202-265-7989.

Consumer Information Center, Pueblo, CO 81009, 888-878-3256; Web site: www.pueblo.gsa.gov.

Council of Better Business Bureaus, Inc., 4200 Wilson Boulevard, Arlington, VA 22203; 703-276-0100; Fax: 703-525-8277; Web site: www.bbb.org.

Credit Union National Association (CUNA), 5710 Mineral Point Road, Madison, WI 53705; 608-231-4000; Toll free: 1-800-356-9655; Web site: www.cuna.org.

Federal Reserve Bank of Chicago, Public Affairs Department, P.O. Box 834, Chicago, IL 60690-0834; 312-322-5111; Web site: www.frbchi.org.

Federal Trade Commission, 6th Street & Pennsylvania Ave. NW, Room 130, Washington, DC 20580; 202-326-2222; Fax: 202-326-2050; Web site: www.consumer.gov.

Food and Drug Administration (FDA), 5600 Fishers Lane, Room 1675, Rockville, MD 20857; 301-827-4420; Toll free: 1-888-INFOFDA; Web site: www.fda.gov.

Illinois Attorney General's Office, 500 South Second Street, Springfield, IL 62706; 217-782-1090; 800-386-5438; Web site: www.ag.state.il.us.

Insurance Information Institute, 110 William Street, New York, NY 10038; Toll free: 1-800-942-4242; Web site: www.iii.org.

International Credit Association, 243 North Lindbergh Boulevard, St. Louis, MO 631141; 314-991-3030; Fax: 314-991-3029; Web site: www.ica-credit.org.

Jump$tart Coalition, 919 18th Street, NW, Washington, DC 20006; Toll free: 1-888-400-2233; Fax: 202-223-0321; Web site: www.jumpstart.org.

National Association of Consumer Agency Administrators, 1010 Vermont Ave., NW, Washington, DC 20005; 202-347-7395; Fax 202-347-2563. Web site: www.nacaanet.org.

National Association of Realtors, 430 North Michigan Avenue, Chicago, IL 60601, 312-329-8361; Web site: www.relator.com.

National Coalition for Consumer Education (NCCE), 295 Main Street, Suite 200, P.O. Box 576, Madison, NJ 07040; 973-377-8987; Fax 973-377-4828; Web site: www.lifesmarts.org.

National Consumers League (NCL), 1701 K Street NW, Suite 1200, Washington, DC 20006; 202-835-3323, Fax 202-835-0747; Web site: www.nclnet.org.

National Institute for Consumer Education (NICE), Eastern Michigan University, 207 Rackham Building, Ypsilanti, MI 48197; 734-487-2292, Fax: 734-487-7153.

Treasurer of the State of Illinois, 300 West Jefferson St., Springfield IL 62702, 217-782-6540; Fax: 217-782-3563.

Periodicals and Daily Newspapers

Chicago Tribune
Consumer Reports
FDA Consumer
Kiplinger's Personal Finance
Money
Wall Street Journal

Consumer Education Resource Book

Consumer's Resource Handbook. Consumer Information Center, Pueblo, CO 81009. Web site: www.pueblo.gsa.gov.

Consumer Education State and National Competition

Lifesmarts. Web site: www.lifesmarts.org.

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2000 REVISIONS

Donald Zabelin
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This revision to the Consumer Education in Illinois Schools document was developed between the Illinois State Board of Education and Don Zabelin. His efforts in bringing consumer education into the next millennium is very much appreciated.

Appendix

The following correlation of Consumer Education to the Illinois Learning Standards was developed by Don Zabelin at West Chicago High School to help teachers identify how the Illinois Learning Standards can be taught through Consumer Education.

CONSUMER EDUCATION AND THE ILLINOIS LEARNING STANDARDS

ENGLISH LANGUAGE ARTS
STATE GOALS: 1 - 5

STATE GOAL 1: Read with understanding and fluency.

Learning Standards

A. Apply word analysis and vocabulary skills to comprehend selections.

1.B.5a Relate reading to prior knowledge and experience and make connections to related information.

C. Comprehend a broad range of reading materials.

1.C.5c Critically evaluate information from multiple sources.

1C.4d Summarize and make generalizations from content and relate them to the purpose of the material.

The following are activities used in Consumer Education to support State Goal 1 - Learning Standards B and C:

Read articles comparing consumer products in Consumer Reports or Consumer's Research magazine. Conduct a price comparison of these products in your area (or with the use of catalogs).

Analyze radio, television, newspaper, and magazine advertisements for factual information. Compare this list to emotional appeals presented in ads.

Obtain and study several sample credit contracts and monthly statements. Follow up with a discussion of words and terms used in the contracts and statements, legal rights and obligations of creditors and debtors, consequences of failing to meet obligations, and disclosure requirements of the Truth in Lending Act.

Use the telephone directory of a local community and make a list of all city and county government agencies that provide services. List the services provided and discuss the benefits in relation to costs.

Obtain copies of the students' school accident insurance policies and analyze them in terms of coverages and costs.

Bring to class some newspaper accounts of financial losses resulting from fire, theft, traffic accidents, etc. Discuss how those who suffered losses could have protected themselves against the losses.

Obtain copies of homeowner's and tenant's policies for students to analyze or show parts of the policies on the overhead projector for analysis purposes.

Research and report on the local building codes and zoning laws. Use the material from this report for a debate on the relative merits of zoning laws and building codes.

Make a collage of labels and conduct a comparison study of the information contained on them.

Collect ads from magazines and newspapers. Make a display showing informative and noninformative ads. Discuss and write what information, in your opinion, should be given in newspaper ads, TV commercials, or radio advertising.

Obtain several sample service contracts. Examine each contract for the amount of service offered, any exclusions it states and the time period covered. Find out labor costs of servicing appliances in your community. Consider the difference in the cost of service contract insurance versus servicing without insurance. Weigh differences of costs and circumstances as to the advisability of having service insurance or providing "do-it-yourself" service.

STATE GOAL 3: Write to communicate for a variety of purposes.

Learning Standards

A. Use correct grammar, spelling, punctuation, capitalization and structure.

3.A.5 Produce grammatically correct documents using standard manuscript specifications for a variety of purposes and audiences.

C. Communicate ideas in writing to accomplish a variety of purposes.

3.C.5b Write for real or potentially real situations in academic, professional and civic contexts (e.g., applications, job applications, business letters, resume, petitions).

The following are examples of activities used in Consumer Education to support State Goal 3 - Learning Standards A and C.

Compose a letter of complaint for an actual or created situation.

Obtain and fill out a credit card application.

Create a personal resume to actually use for seeking a job or applying to a college.

STATE GOAL 4: Listen and speak effectively in a variety of situations.

Learning Standards

A. Listen effectively in formal and informal situations.

4.A.4a Apply listening skills as individuals and members of a group in a variety of settings (e.g., lectures, discussions, conversations, team projects, presentations, interviews).

B. Speak effectively using language appropriate to the situation and audience.

4.B.5a Deliver planned and impromptu oral presentations, as individuals and members of a group, conveying results of research, projects or literature studies to a variety of audiences (e.g., peers, community, business/industry, local organizations) using appropriate visual aids and available technology.

The following are examples of activities used in Consumer Education to support State Goal 4 - Learning Standards A and B.

Use brainstorming to determine the factors that influence students to buy cosmetics (magazines, TV, radio, other). Collect and mount on the bulletin board several examples portraying the influences of mass media on buying cosmetics.

Interview adults in the community regarding reasons for selection of their present type of housing.

Videotape interviews with several young couples who have recently furnished apartments or homes. Obtain answers to such questions as: "What were their experiences? Were they satisfied with their purchases? What information do they wish they had received prior to making a buying decision? Did they encounter problems and if so, how were they resolved?"

Videotape interviews with the consumer service manager of one or more furniture, appliance, and department stores to determine

Policies with regard to return or exchange of home furnishings and appliances.
Policies on meeting warranty terms.
Primary causes of customer complaints.
The store's responsibility to its customers.
Consumer's responsibility to the seller.

Debate whether crowded National Parks should provide more services for tourists such as bigger roads, more camping spaces, more trails, etc.

STATE GOAL 5: Use the language arts to acquire, assess and communicate information.

Learning Standards

A. Locate, organize, and use information from various sources to answer questions, solve problems and communicate ideas.

5.A.5a Research, design and present a project to an academic, business or school community audience on a topic selected from among contemporary issues.

C. Apply acquired information, concepts and ideas to communicate in a variety of formats.

5.C.5a Using contemporary technology, create a research presentation or prepare a documentary related to academic, technical or occupational topics and present the findings in oral or multimedia formats.

The following are examples of activities used in Consumer Education to support State Goal 5 - Learning Standards A and C:

Conduct a local poll to determine which recreational activities are most popular in your community. The poll might categorize people based on age, sex, marital status, and education. Publish your findings in your local paper.

Arrange a panel discussion on ways of reducing health costs.

Have the class prepare and administer a survey on students as consumers of drugs and cosmetics. The survey could include items such as (a) the amount of money spent on drugs, (b) the type of products purchased, (c) brand names of products purchased, and (d) what influences students to buy a particular brand. Using the results of the survey, construct a graph which shows (a) money spent on each category, (b) brands purchased, (c) reasons for purchasing, etc. Discuss the results of the survey in group activities.

Have the class prepare a school newspaper column to keep the students informed about current legislation, consumer problems, agencies which will aid the consumer.

Visit the Internet site of the Illinois Department of Insurance. Describe the services rendered by the department and the regulations governing insurance companies in Illinois. Summarize the findings in an oral report.

MATHEMATICS
STATE GOALS: 6 - 10

STATE GOAL 6: Demonstrate and apply a knowledge and sense of numbers, including numeration and operations (addition, subtraction, multiplication, division), patterns, ratios and proportions.

Learning Standards

B. Investigate, represent and solve problems using number facts, operations (addition, subtraction, multiplication, division) and their properties, algorithums and relationships.

6.B.4 Select and use appropriate arithmetic operations in practical situations including calculating wages after taxes, developing a budget and balancing a checkbook.

C. Compute and estimate using mental mathematics, paper-and-pencil methods, calculators and computers.

6.C.4 Determine whether exact values or approximations are appropriate (e.g., bid a job, determine gas mileage for a trip).

D. Solve problems using comparison of quantities, ratios, proportions and percents.

6.D.5 Solve problems involving loans, mortgages and other practical applications involving geometric patterns of growth.

The following are examples of activities used in Consumer Education to support State Goal 6 - Learning Standards B, C and D:

Keep a record of your income and expenditures for one month and compare this with your estimate of your month's expenses and revise after one month.

Prepare a budget for a wedding or graduation party.

Prepare a budget for a college freshman including tuition, room, board, fees, clothing, transportation, etc., and the sources of financing these expenditures.

Complete a checking account simulation.

STATE GOAL 10: Collect, organize and analyze data using statistical methods, predict results, and interpret uncertainty using concepts of probability.

Learning Standards

C. Determine, describe and apply the probabilities of events.

10 C 4b Design and conduct simulations (e.g., waiting times at restaurant, probabilities of births, likelihood of game prizes), with and without the use of technology.

10 C 5c Make predictions using probabilities associated with normally distributed events.

The following are examples of activities used in Consumer Education to support State Goal 10 - Learning Standard C.

Let students work in groups (perhaps simulating a family) with case studies to set investment goals and develop strategies for saving and investing and predict the results.

Review life insurance mortality tables and explain how this impacts premiums.

Make a list of your short- and long-term goals. Estimate the amount of money and time you will need to reach each goal.

Review financial case studies and predict if these people will achieve financial independence.

SCIENCE
STATE GOALS: 11 - 13

STATE GOAL 13: Understand the relationships among science, technology and society in historical and contemporary contexts.

Learning Standard

B. Know and apply concepts that describe the interaction between science, technology and society.

13 B 4e Evaluate claims derived from purported scientific studies used in advertising and marketing strategies.

The following are examples of activities used in Consumer Education to support State Goal 13 - Learning Standard B.

Using the typical diet, determine if the young consumer is observing good nutritional habits. Discuss how the human body mighty be affected if these diets are continued over a period of years.

Display samples of actual ads that are misleading or deceptive. These can be from magazines, newspapers, or mail ads.

SOCIAL SCIENCE
STATE GOALS: 14 - 18

STATE GOAL 14: Understand political systems, with an emphasis on the United States.

Learning Standard

D. Understand the roles and influences of individuals and interest groups in the political systems of Illinois, the United States and other nations.

14.D.5 Interpret a variety of public policies and issues from the perspectives of different individuals and groups.

The following are example of activities used in Consumer Education to support State Goal 14 - Learning Standard D.

Assume that advertising was removed from our society. What would be effect of this action on (a) consumers, (b) the economy, (c) the media, and (d) business and industry? Write an essay on one of the two following topics: "How Consumer Decisions Affect Business Policies," or "How Government Economic Policies Affect the Consumer."

Conduct a class discussion dealing with the question of what consumer protection should be provided by the government and what responsibilities should be left to the consumer.

STATE GOAL 15: Understand economic systems, with an emphasis on the United States.

Learning Standards

A. Understand how different economic systems operate in the exchange, production, distribution and consumption of goods and services.

15.A.4d Explain the effects of unemployment on the economy.

15.A.5d Explain the comparative value of the Consumer Price Index (e.g., goods and services in one year with earlier or later periods).

B. Understand that scarcity necessitates choices by consumers.

15.B.4a Explain the costs and benefits of making consumer purchases through differing means (e.g., credit, cash).

15.B.4b Analyze the impact of current events (e.g., weather/natural disasters, wars) on consumer prices.

15.B.5c Analyze elasticity as it applies to supply and demand and consumer decisions.

C. Understand that scarcity necessitates choices by producers.

15.C.4b Explain the importance of research, development, invention, technology and entrepreneurship to the United States economy.

15.C.5c Explain how government intervention with market prices can cause shortages or surpluses of a good or service (e.g., minimum wage policies, rent freezes, farm subsidies).

D. Understand trade as an exchange of goods or services.

15.D.4c Describe the impact of worker productivity (output per worker) on business, the worker and the consumer.

15.D.5c Explain how technology has affected trade in the areas of transportation, communication, finance and manufacturing.

E. Understand the impact of government policies and decisions on production and consumption in the economy.

15.E.4c Analyze the relationship between a country's technology policies and its level and balance of trade.

15.E.5c Describe key schools of thought (e.g., classical, Keynesian, monetarist, supply-side) and explain their impact on government policies.

The following example of activity used in Consumer Education to support State Goal 15 and learning Standards A, B, C, D, and E.

Maintain a chart of local prices for common consumer purchases. Compare the price changes to those reported in the Consumer Price Index of the Bureau of Labor Statistics.

Use diagrams of the circular flow of economic activity to illustrate the components of the economy and the interaction in the economy.

Invite a local businessperson to trace the route of a product from raw material to retail sales. Ask for a cost analysis for the different steps.

Develop a case study that involves borrowing money for a purchase. Ask four students to take this problem to four different lending agencies such as a commercial bank, a consumer finance company, credit union, and life insurance company. Compare the percentage rates or finance charges. Investigate reasons for differing costs. Discuss the advantages and disadvantages of borrowing from each agency.

Examine differences between several local creditors and draw up a list of things to look for when shopping for credit.

Discuss and make up a list of places to call to report dishonest credit practices, to get advice and help with credit problems, and to check out a creditor's reputation before signing a contract.

Collect daily newspaper articles on the economy and prepare a notebook on the state of the economy.

Using the Internet or reference material in your library, determine the current rate of unemployment, CPI, median income, and GDP.

PHYSICAL DEVELOPMENT AND HEALTH
STATE GOALS: 19 - 24

STATE GOAL 22: Understand principles of health promotion and the prevention and treatment of illness and injury.

Learning Standard

B. Describe and explain the factors that influence health among individuals, groups and communities.

22.B.4 Explain social and economic effects of health problems on individuals and society (e.g., cost of health care, reduction in productivity).

The following are examples of activities used in Consumer Education to support State Goal 22 and Learning Standard B.

Analyze the Internet sites of federal agencies such as the Food and Drug Administration and the Federal Trade Commission. Describe what information these agencies provide to promote good health and the prevention of illness and injury.

Discuss some of the health and safety services provided by state and local governments.

Make a comparative study of costs of physicians' and/or dentists' fees in your area.

Invite a representative from your county health department to speak about health problems in your area. Have the class prepare their questions in advance.

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